



0000137911

Transcript Exhibit(s)

Docket #(s): W-D1653A-12-0043

W-D2042A-12-0062

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Exhibit #: A1-A15, S1

\_\_\_\_\_

Arizona Corporation Commission

**DOCKETED**

JUN 20 2012

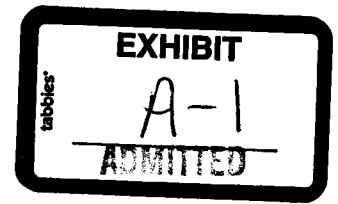
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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

2012 JUN 20 P 1:17

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**Exhibit A-1**  
**Victoria McCarty**

**October 15, 1986 Arizona Department  
of Health Services Approval to  
Operate**

**June 11, 2012 ACC Hearing  
Park Valley Water Company, Inc.  
Fools Hollow Water Company, Inc.  
Docket Nos. W-01653A-12-0043  
and W-02042A-12-0062**

## APPROVAL TO OPERATE

Project Description Installation of a new water system between  
Fools Hollow & Park Valley Water Co's Project  
includes ~ 7200 L.F. of 6" water line; new 300,000 g.p.m.  
Location Show Low

Project Owner Jim McCarty  
Address: Box 487  
City, State, & Zip Code: Show Low AZ 85901

Approval to operate the above-described facilities as represented in the approved plan documents on file with the Arizona Department of Health Services is hereby given subject to the following provisions:

- (✓) On June 5 1985, the above-referenced project was issued an Approval to Construct.
- ( ) On \_\_\_\_\_, \_\_\_\_\_, P. E., certified construction inspections were performed and the referenced project was built in accordance with the approved plans and specifications.
- (✓) On Sept 9 1986, Ronald P Mathen, P. E., certified construction inspections were performed and the referenced project was built in accordance with the as-built plans and specifications.
- ( ) On \_\_\_\_\_, a cursory inspection of the project was performed by \_\_\_\_\_, Environmental Engineering Specialist, of the Northern Regional Office of Waste and Water Quality Management. No detailed construction inspection was performed. The project appears to be constructed in accordance with the approved plans and specifications. However, good construction practice dictates that a resident inspector be on site at all times during construction. The cursory inspection by personnel of this Office does not provide a substitute for a resident inspector under the supervision of a Professional Engineer. This should not be construed nor implied as a guarantee or warranty of the quality of the construction.

This project requires that the 2 systems be  
operated as one system: Park Valley - Fools  
Hollow Water Co using the 09-011 number.

The State law, A.R.S. 36-136, G., 6 or 9, requires that the operation of the project must be in accordance with the rules and regulations of the Arizona Department of Health Services.

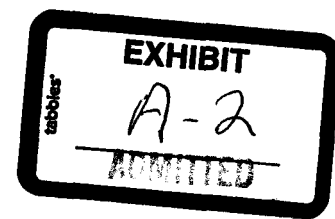
Date Approved: 10-15-86

HRH: RED:hms

System Number 09-011  
850137

cc: File No. 850137  
Technical Review, OW&WQM, Phoenix  
County Health Department Navajo Mathen Evan

Harley R. Hiatt, P. E., Manager  
Northern Regional Office  
Office of Waste and Water Quality Management

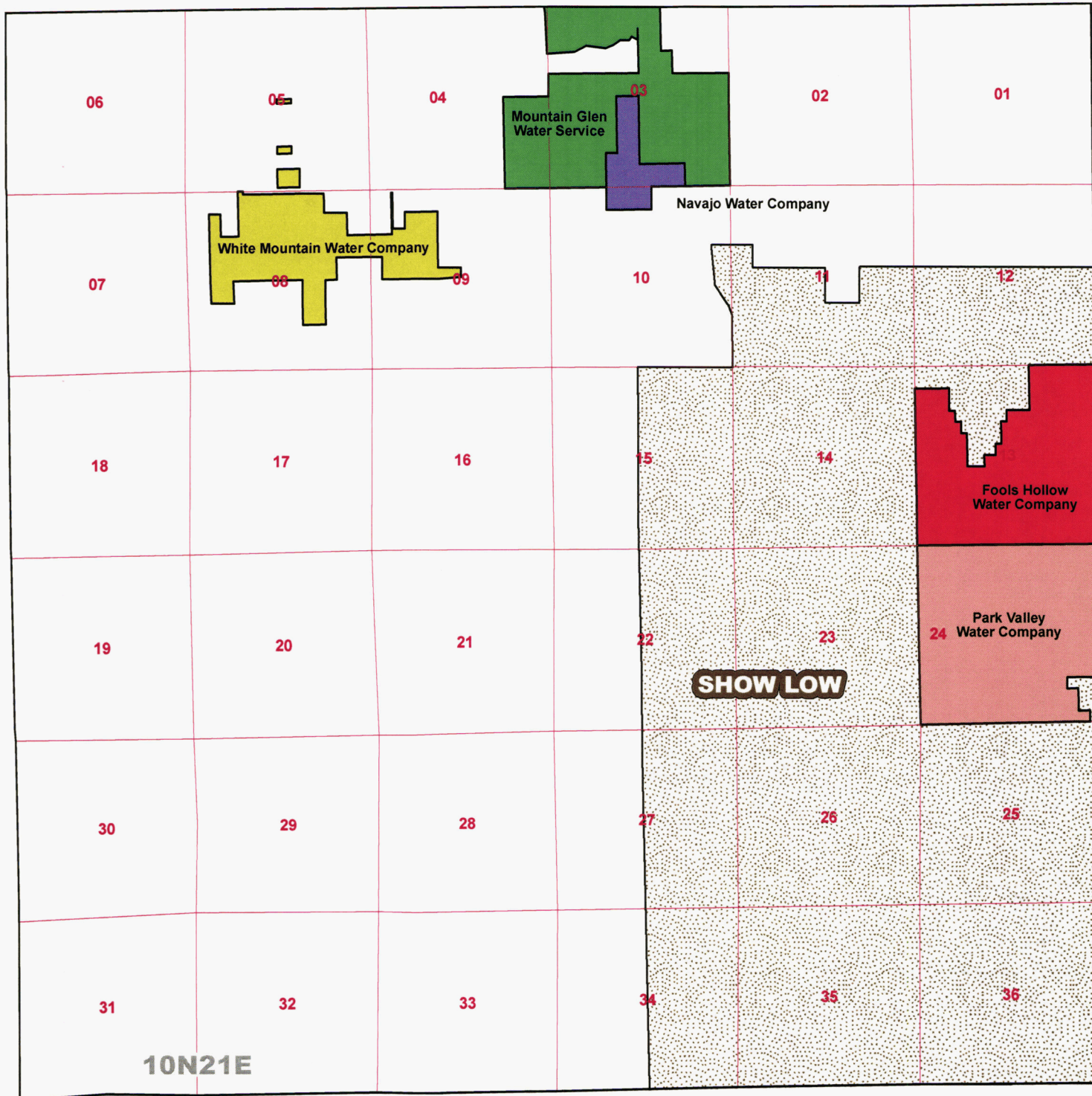


**Exhibit A-2**  
**Victoria McCarty**

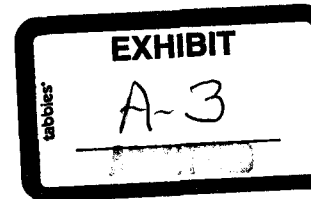
**Map Depicting Location of PVWC and  
FHWC Services Areas In Relation to  
One Another and City of Show Low's  
Water Service Area**

**June 11, 2012 ACC Hearing  
Park Valley Water Company, Inc.  
Fools Hollow Water Company, Inc.  
Docket Nos. W-01653A-12-0043  
and W-02042A-12-0062**

# NAVAJO COUNTY



**Exhibit A-3**  
**Victoria McCarty**



**PVWC and FHWC List of Water  
System Assets**

**June 11, 2012 ACC Hearing**  
**Park Valley Water Company, Inc.**  
**Fools Hollow Water Company, Inc.**  
**Docket Nos. W-01653A-12-0043**  
**and W-02042A-12-0062**

ORIGINAL

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TUBAC, ARIZONA 85646

OF COUNSEL TO  
MUNGER CHADWICK  
ATTORNEYS AT LAW

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ADMITTED TO PRACTICE IN:  
ARIZONA, COLORADO, MONTANA,  
NEVADA, TEXAS, WYOMING,  
DISTRICT OF COLUMBIA

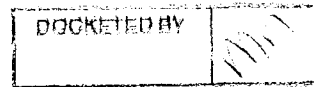
March 22, 2012

Arizona Corporation Commission

DOCKETED

MAR 26 2012

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007



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2012 MAR 26 A 9:51  
AZ CORP COMMISSION  
DOCKET CONTROL

Re: Docket No. W-01653A-12-0043  
and Docket No. W-02042A-12-0062

To Whom it May Concern:

This letter and the enclosed documents are in response to the March 6, 2012 Insufficiency Letter in connection with the above-docketed proceedings, which was received in my office on March 9, 2012. In that regard, the information being provided will use the same numbering sequence set forth in the aforesaid letter.

Item #1 - Provide a complete listing (separate listing for each Company) of Park Valley's and Fools Hollow's assets that are to be sold to the City of Show Low. Please include description of the utility plant-in-service, NARUC Account Number and associated value of the plant-in-service.

**RESPONSE:** On March 15, 2012, the undersigned had a conversation with Vicki Wallace of the Commission's Utilities Division staff regarding the above-referenced Insufficiency Letter and the requested information which is the subject of Item #1. During that conversation, the undersigned indicated to Ms. Wallace that it had been determined by the owners of Park Valley Water Company and Fools Hollow Water Company and representatives of the City of Show Low that the Inventory and Appraisal conducted by Wood/Patel in connection with the City's contemplated acquisition of the aforesaid companies' water system assets represented the most recent and accurate inventory of the same. Against that background, Ms. Wallace suggested that a copy of the Wood/Patel Inventory be submitted and the Commission's staff could thereafter determine whether such submission was sufficient for purposes of a response to this Item #1. Accordingly, a copy of the aforesaid Wood/Patel Inventory is attached hereto as Appendix A.

PHOENIX OFFICE: 2398 E. CAMELBACK RD., STE 240, PHOENIX AZ 85016 PH: (602) 358-7348 FAX: (602) 441-2779

TUCSON OFFICE: 333 N. WILMOT RD, STE 300, TUCSON AZ 85711 PH: (520) 721-1900 FAX: (520) 747-1550

Item #2 - Please complete the attached Water Plant Description separately for Park Valley and Fools Hollow.

**RESPONSE: See attached Appendix B.**

Item #3 - The submitted Water Use Data (Applications/Appendix "M") for Park Valley and Fools Hollow does not include the number of customers. Please complete the attached Water Use Data Sheet separately for each Company.

**RESPONSE: See attached Appendix C.**

Item #4 - Describe the effect of the proposed transaction upon the service of each of the applicants and any benefits that will be realized by customers if the proposed sale is approved. Although some of this information is provided throughout the applications, please identify in a single numbered section for each application.

**RESPONSE:**

**From the perspective of Park Valley Water Company and Fools Hollow Water Company, sale of their respective water system assets to the City of Show Low would provide the following benefits to their current water customers:**

- 1. The City provides internet access to water bills, which the Company does not.**
- 2. The City provides access to internet payment of water bills, which the Company does not.**
- 3. The City provides access to auto payment of water bills, which the Company does not.**
- 4. The City's hours are longer and thus more convenient for customers**
- 5. The City has the financial means to make upgrades to the water distribution system providing better water pressure and fire suppression to customers.**
- 6. The Company has a staff of two employees who oversee the water system. The City has a staff of fourteen (14) full-time employees to oversee the system operations, thus providing better service to customers.**
- 7. The Company's water service area is adjacent to and surrounded by the City's municipal water service area, which would allow the City to integrate and strengthen the system by adding additional water sources and infrastructure with the objective of ensuring continuity and quality of water service to customers.**
- 8. The City has access to means for financing water system infrastructure additions and capital improvements which are not available to the Company putting the City in a better position to accommodate future growth in the service area without having an adverse impact on the level and quality of service the Company currently provides to its customers.**

9. With the City, average customers of the Company will see their water bill remain virtually unchanged unless they utilize 4,000 gallons or more per month, at which time they will see a slight reduction in their monthly rates.

From the perspective of the City of Show Low, the acquisition of the water system assets of Park Valley Water Company and Fools Hollow Water Company will have a beneficial effect to both the systems and to the customers. Both of these systems are wholly located within the City of Show Low and nearly all of the customers are serviced by the City of Show Low wastewater system. Consolidation of these systems into the City's system will eliminate customer confusion that is caused by having multiple utility providers. Customers will be able to set up, modify or terminate all utility services at one location. They will receive one bill and they will be able to use multiple methods of payment which are not currently available to Park Valley/Fools Hollow customers such as credit card and online bill pay. The interconnection of all the systems into one will allow for redundancy of the water supply in the event of emergencies. As all of the customers are located within the City limits they will all be charged our inside City limit rate of \$24.00 per month which includes the first 5,000 gallons of water used.

Planned improvements to the system as will be detailed in the answer to #5 of the insufficiency letter will increase the reliability of the water supply, create redundancy and ensure compliance with all water quality requirements. By consolidating our customer bases the system will see operational efficiencies which will enable the City to pay for debt service and enhance operations within the existing rate structure of the City. Upon completion of this consolidation nearly 100% of City residents will be on the City's water system promoting consistency and enhancing our ability to provide exceptional customer service.

Item #5 - The Applications mention the financial ability of the City to make the upgrades necessary to each system. Please list the anticipated additional upgrades needed to each system in table/chart format and estimated cost.

**RESPONSE:**

<b>Well Improvements</b>	<b>\$70,000.00</b>
<b>SCADA</b>	<b>\$100,000.00</b>
<b>Fire Hydrants</b>	<b>\$100,000.00</b>
<b>Interconnections</b>	<b>\$100,000.00</b>
<b>Miscellaneous Improvements</b>	<b>\$44,000.00</b>
	<b>\$414,000.00</b>

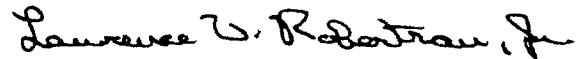
Docket Control  
March 13, 2012  
Page 4 of 4

The City of Show Low intends to finance the above-listed upgrades with proceeds from the WIFA loan, which will be used to also finance the City of Show Low's acquisition of the existing water system assets of Park Valley Water Company and Fools Hollow Water Company.

The aforesaid water companies, City of Show Low, and I hope that the above and attached information will allow the Commission's staff to issue a Sufficiency Letter in connection with the above-referenced dockets.

Thank you in advance for your assistance with respect to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Lawrence V. Robertson, Jr.".

Lawrence V. Robertson, Jr.

## **APPENDIX A**

### **Detailed Information on Water Supply Infrastructure**

- A.1 Distribution System Summary
- A.2 Meters Summary
- A.3 Backflow History
- A.4 Fire Hydrants
- A.5 Inventory (Spare Parts)

## **A.1 Distribution System Summary**

Well Reg.	Serves	POE	Location	Date		Casing Depth to Pump		Pump		Date		Area (ac)
				Drilled	Depth	in.	Water	hp	gpm	Pump	Area	
628643	A-(10-21)13DCA	FH	1 Willis	1977	500	8	425	30	150	2009		0.057
628642	A-(10-21)24DDC	PV	2 19th Ave	1962	550	8	550	25	110	2008		0.013
552190	A(10-21)24 DAC	PV	4 20th Ave	1996	575	8	470	25	130	2011		0.39
212186	A-(10-21)24BAA	PV	5 Old Linder	2006	500	10	310	50	250	2006		0.22

Item	Length LF
2-Inch PVC C-900	1,546
3-Inch PVC	888
4-Inch PVC C-900	17,692
4-Inch ACP	7,465
6-Inch PVC Class 200	26,085
6-Inch PVC C-900	12,301
6-Inch ACP	2,626
6-Inch DIP	885
8-Inch IPS 200 psi PVC	1,600
8-Inch PVC SDR21 Class 200	18,989
12-Inch PVC Class 200	12,550

PRV	Location	Model	Pressure Setting, psig (in/out)
1	1143 N. 22 <sup>nd</sup> Drive	6" Bailey 400-6010	85/40
2	1801 N. 22 <sup>nd</sup> Avenue	6"	105/40

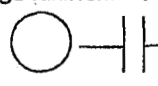
Site	No. of Pumps	Hp, ea.	Manufacturer	Model	S.N.
20 <sup>th</sup> Avenue	2	20	Berkeley	B2ZPL	R972156
	1	20	Berkeley	B3TPMS	1482002

8-11-11

# Fools Hollow & Park Valley Water Companies

ADEQ System ID #09-011

**Well #55-628644 (FH)**  
**Disconnected**  
from system  
(formerly POE 001)  
460' deep;  
casing diameter=6"  
Drilled 1965  
Storage tank removed



Fools Hollow  
System

**Well #55-628643 (FH)**  
**ACTIVE**  
**POE 001**

1980 W Willis (well house on hill)  
Horsepower=30; yield 150 gpm  
500' deep; casing diameter=8"  
meter size=2"  
Drilled 1977

Fools Hollow  
System

Fools Hollow  
System

**Well #55-212186 (PV)**  
**ACTIVE**  
**POE 005**

2377 W Old Linden Rd  
Horsepower=50; yield 250 gpm  
500' deep; casing diameter=10"  
meter size=4"  
Drilled 2006

**Well #55-552190 (PV)**  
**ACTIVE**  
**POE 004**

211 S 20th Ave  
Horsepower=25; yield 130 gpm  
565' deep (re-measured 2011-  
originally 575', now 565');  
casing diameter=8"  
meter size=2"  
Drilled 1996

HJ1

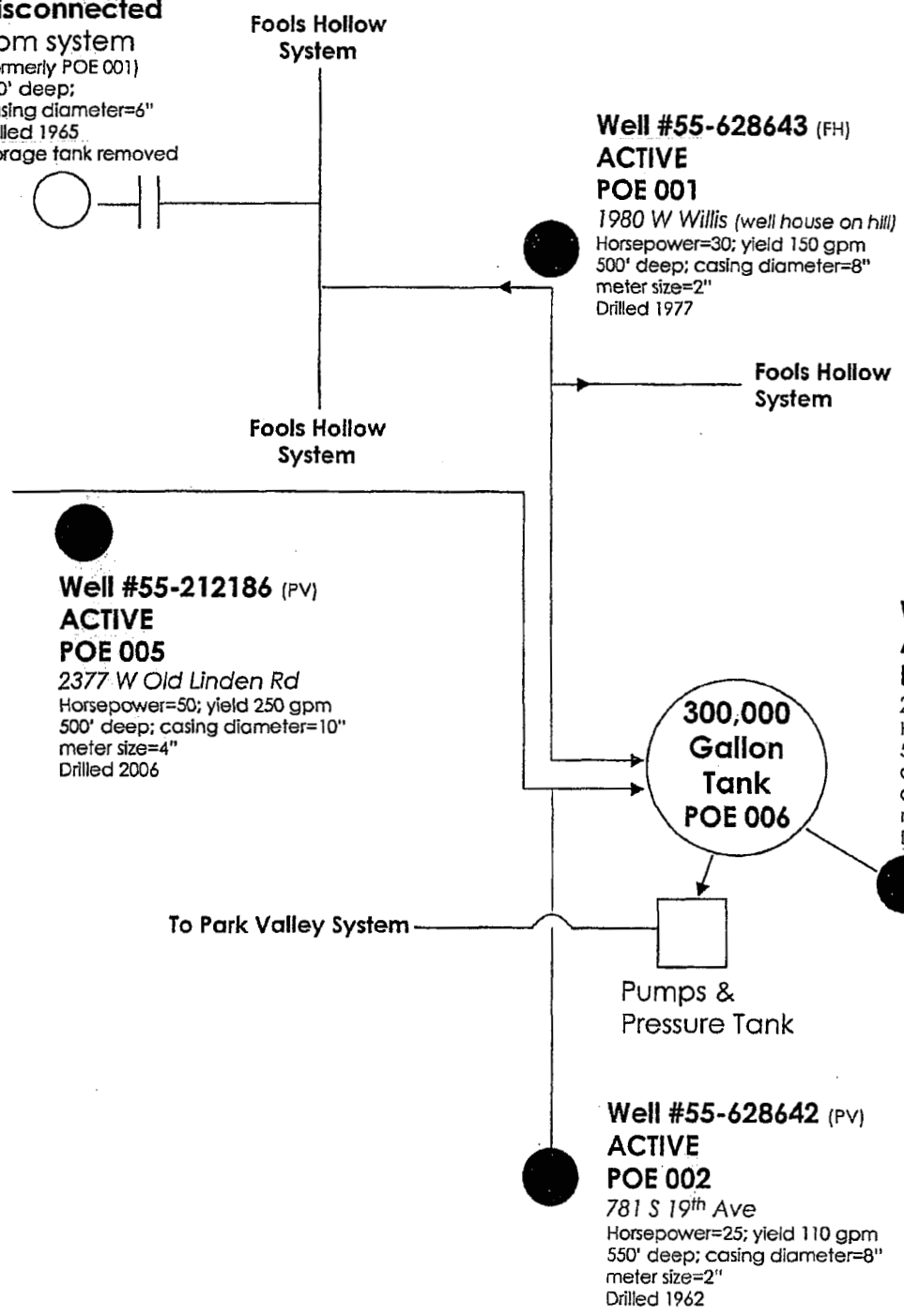
**300,000  
Gallon  
Tank  
POE 006**

To Park Valley System

Pumps &  
Pressure Tank

**Well #55-628642 (PV)**  
**ACTIVE**  
**POE 002**

781 S 19th Ave  
Horsepower=25; yield 110 gpm  
550' deep; casing diameter=8"  
meter size=2"  
Drilled 1962



**Slide 1**

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**HJ1** Pump/motor replaced March 2011. Remeasured for a depth of 565'.  
Holly Jacobs, 4/14/11

## **A.2 Meters Summary**

Rec'd 8-11-1

Year End # of Retail Accounts (by class)				Includes commercial, churches, RV parks, apartments, state park		
	Residential	Non-Residential				
Dec 2006	817	11	828			
Dec 2007	901	11	912			
Dec 2008	942	12	954			
Dec 2009	958	12	970			
Dec 2010	943	14	957			
<b>Customer Meters (Aug 2011)</b>						
5/8 x 3/4	1001					
3/4	5					
1	21					
1 1/2	3					
2	2					
3	3					
4	1					
	1036					
No wholesale						

# Fools Hollow-Park Valley Radio Meters

	C	D	G
1	number	name	sizedesc
2		LIFT STATION	1" METER
3	1501	N. 22ND AVENUE	1" METER
4	1801	W. WILLIS	3/4" METER
5	1100	N. 16TH AVENUE	5/8" METER
6	1150	N. 16TH AVENUE	5/8" METER
7	1101	N. 18TH AVENUE	5/8" METER
8	900	N. 18TH AVENUE	5/8" METER
9	1151	N. 18TH AVENUE	5/8" METER
10	851	N. 18TH AVENUE	5/8" METER
11	1000	N. 18TH AVENUE	5/8" METER
12	1900	N. 22ND AVENUE	5/8" METER
13	1001	N. 22ND AVENUE	5/8" METER
14	1051	N. 22ND AVENUE	5/8" METER
15	1000	N. 22ND AVENUE	5/8" METER
16	900	N. 22ND AVENUE	5/8" METER
17	980	N. 22ND AVENUE	5/8" METER
18	941	N. 22ND AVENUE	5/8" METER
19	981	N. 22ND AVENUE	5/8" METER
20	1020	N. 22ND AVENUE	5/8" METER
21	1901	N. 22ND AVENUE	5/8" METER
22	1950	N. 22ND AVENUE	5/8" METER
23	960	N. 22ND AVENUE	5/8" METER
24	1201	N. 22ND AVENUE	5/8" METER
25	1451	N. 22ND AVENUE	5/8" METER
26	1281	N. 22ND AVENUE	5/8" METER
27	1091	N. 22ND AVENUE	5/8" METER
28	1129	N. 22ND AVENUE	5/8" METER
29	1231	N. 22ND CIRCLE	5/8" METER
30	2240	N. 22ND DRIVE	5/8" METER
31	1590	N. 22ND DRIVE	5/8" METER
32	1142	N. 22ND DRIVE	5/8" METER
33	1385	N. 22ND DRIVE	5/8" METER
34	1581	N. 22ND DRIVE	5/8" METER
35	2241	N. 22ND DRIVE	5/8" METER
36	1100	N. 22ND DRIVE	5/8" METER
37	2220	N. 22ND DRIVE	5/8" METER
38	2260	N. 22ND DRIVE	5/8" METER
39	2221	N. 22ND DRIVE	5/8" METER
40	901	N. 24TH DRIVE	5/8" METER
41	941	N. 24TH DRIVE	5/8" METER
42	880	N. 24TH DRIVE	5/8" METER
43	1020	N. 24TH DRIVE	5/8" METER
44	921	N. 24TH DRIVE	5/8" METER
45	821	N. 24TH DRIVE	5/8" METER
46	1080	N. 24TH DRIVE	5/8" METER
47	940	N. 24TH DRIVE	5/8" METER
48	960	N. 24TH DRIVE	5/8" METER
49	900	N. 24TH DRIVE	5/8" METER
50	920	N. 24TH DRIVE	5/8" METER
51	1000	N. 25TH DRIVE	5/8" METER
52	1080	N. 25TH DRIVE	5/8" METER
53	900	N. 25TH DRIVE	5/8" METER

# Fools Hollow-Park Valley Radio Meters

	C	D	G
54	940	N. 25TH DRIVE	5/8" METER
55	1040	N. 25TH DRIVE	5/8" METER
56	1241	N. 25TH DRIVE	5/8" METER
57	1580	N. 25TH WAY	5/8" METER
58	1581	N. 25TH WAY	5/8" METER
59	1380	N. 25TH WAY	5/8" METER
60	1381	N. 25TH WAY	5/8" METER
61	1521-B	N. 25TH WAY	5/8" METER
62	1210	N. 26TH DRIVE	5/8" METER
63	1341	N. 26TH DRIVE	5/8" METER
64	1321	N. 26TH DRIVE	5/8" METER
65	1401	N. 26TH DRIVE	5/8" METER
66	1370	N. 26TH DRIVE	5/8" METER
67	1050	N. 27TH AVENUE	5/8" METER
68	1000	N. 27TH AVENUE	5/8" METER
69	1080	N. 27TH AVENUE	5/8" METER
70	1100	N. 27TH AVENUE	5/8" METER
71	1060	N. 27TH AVENUE	5/8" METER
72	1051	N. 27TH AVENUE	5/8" METER
73	1191	N. 27TH AVENUE	5/8" METER
74	1101	N. 27TH AVENUE	5/8" METER
75	1160	N. 27TH AVENUE	5/8" METER
76	1220	N. 27TH DRIVE	5/8" METER
77	1240	N. 27TH DRIVE	5/8" METER
78	1221	N. 27TH DRIVE	5/8" METER
79	1241	N. 27TH DRIVE	5/8" METER
80	1201	N. 27TH DRIVE	5/8" METER
81	1200	N. 27TH DRIVE	5/8" METER
82	1260	N. 27TH DRIVE	5/8" METER
83	1300	N. 27TH DRIVE	5/8" METER
84	1500	N. 27TH DRIVE	5/8" METER
85	1550	N. 27TH DRIVE	5/8" METER
86	1530	N. 27TH DRIVE	5/8" METER
87	1030	N. NEEDLES CREEK	5/8" METER
88	940	N. NEEDLES CREEK	5/8" METER
89	1071	N. NEEDLES CREEK	5/8" METER
90	970	N. NEEDLES CREEK DR.	5/8" METER
91	941	N. NEEDLES CREEK DRIVE	5/8" METER
92	1001	N. NEEDLES CREEK DRIVE	5/8" METER
93	980	N. NEEDLES CREEK DRIVE	5/8" METER
94	1150	N. NEEDLES CREEK DRIVE	5/8" METER
95	1101	N. NEEDLES CREEK DRIVE	5/8" METER
96	1060	N. NEEDLES CREEK DRIVE	5/8" METER
97	910	NEEDLES CREEK	5/8" METER
98	971	NEEDLES CREEK DRIVE	5/8" METER
99	1151	NEEDLES CREEK DRIVE	5/8" METER
100	1120	NEEDLES CREEK DRIVE	5/8" METER
101	1090	NEEDLES CREEK DRIVE	5/8" METER
102	1000	NEEDLES CREEK DRIVE	5/8" METER
103	1140	NEEDLES CREEK DRIVE	5/8" METER
104	1160	NEEDLES CREEK DRIVE	5/8" METER
105	3051	W. ALPINE RIDGE ROAD	5/8" METER
106	2961	W. ALPINE RIDGE ROAD	5/8" METER

# Fools Hollow-Park Valley Radio Meters

	C	D	G
107	3050	W. ALPINE RIDGE ROAD	5/8" METER
108	2951	W. FOREST HILL ROAD	5/8" METER
109	1021	W. MOUNTAIN PARK ROAD	5/8" METER
110	2931	W. MOUNTAIN PARK ROAD	5/8" METER
111	2940	W. MOUNTAIN PARK ROAD	5/8" METER
112	2871	W. MOUNTAIN PARK ROAD	5/8" METER
113	2911	W. MOUNTAIN PARK ROAD	5/8" METER
114	2941	W. MOUNTAIN PARK ROAD	5/8" METER
115	2900	W. MOUNTAIN PARK ROAD	5/8" METER
116	2891	W. MOUNTAIN PARK ROAD	5/8" METER
117	2881	W. MOUNTAIN PARK ROAD	5/8" METER
118	2920	W. MOUNTAIN PARK ROAD	5/8" METER
119	2921	W. MOUNTAIN PARK ROAD	5/8" METER
120	2901	W. MOUNTAIN PARK ROAD	5/8" METER
121	2880	W. MOUNTAIN PARK ROAD	5/8" METER
122	2861	W. MOUNTAIN PARK ROAD	5/8" METER
123	2851	W. MOUNTAIN PARK ROAD	5/8" METER
124	2370	W. OLD LINDEN ROAD	5/8" METER
125	2650	W. OLD LINDEN ROAD	5/8" METER
126	2050	W. OLD LINDEN ROAD	5/8" METER
127	2551	W. OLD LINDEN ROAD	5/8" METER
128	2250	W. OLD LINDEN ROAD	5/8" METER
129	2521	W. OLD LINDEN ROAD	5/8" METER
130	2150	W. OLD LINDEN ROAD	5/8" METER
131	2511	W. OLD LINDEN ROAD	5/8" METER
132	2350	W. OLD LINDEN ROAD	5/8" METER
133	2600	W. OLD LINDEN ROAD	5/8" METER
134	2511	W. ROGERS CIRCLE	5/8" METER
135	2531	W. ROGERS CIRCLE	5/8" METER
136	2341	W. ROGERS DRIVE	5/8" METER
137	2480	W. ROGERS DRIVE	5/8" METER
138	2591	W. ROGERS DRIVE	5/8" METER
139	2460	W. ROGERS DRIVE	5/8" METER
140	2311	W. ROGERS DRIVE	5/8" METER
141	2370	W. ROGERS DRIVE	5/8" METER
142	2360	W. ROGERS DRIVE	5/8" METER
143	2351	W. ROGERS DRIVE	5/8" METER
144	2540	W. ROGERS DRIVE	5/8" METER
145	2431	W. ROGERS LOOP	5/8" METER
146	2300	W. ROGERS LOOP	5/8" METER
147	2311	W. ROGERS LOOP	5/8" METER
148	2251	W. ROGERS LOOP	5/8" METER
149	2490	W. SYLVESTER	5/8" METER
150	2460	W. SYLVESTER	5/8" METER
151	2350	W. SYLVESTER CIRCLE	5/8" METER
152	2360	W. SYLVESTER CIRCLE	5/8" METER
153	2445	W. SYLVESTER WAY	5/8" METER
154	2300	W. THORNTON	5/8" METER
155	2301	W. THORNTON	5/8" METER
156	2310	W. THORNTON DRIVE	5/8" METER
157	2411	W. THORNTON DRIVE	5/8" METER
158	2421	W. THORNTON DRIVE	5/8" METER
159	2430	W. THORNTON DRIVE	5/8" METER

Fools Hollow-Park Valley Radio Meters

	C	D	G
160	2461	W. THORNTON DRIVE	5/8" METER
161	2200	W. THORNTON DRIVE	5/8" METER
162	2000	W. WILLIS	5/8" METER
163	1881	W. WILLIS	5/8" METER
164	3000 LM	1.5" @ 3000 W. VILLA LOOP	1 1/2" METER
165	3001 LM	1.5" @ 3001 W. VILLA LOOP	1 1/2" METER
166	1	N. BISON PRESERVE DRIVE	1 1/2" METER
167		IRRIGATION COMMON AREA	1" METER
168	40	N. ASPEN DRIVE	1" METER
169	20	N. ASPEN DRIVE	1" METER
170	140	N. ASPEN DRIVE	1" METER
171	120	N. ASPEN DRIVE	1" METER
172	61	N. ASPEN DRIVE	1" METER
173	101	N. ASPEN DRIVE	1" METER
174	81	N. ASPEN DRIVE	1" METER
175	1	N. BISON PRESERVE DRIVE	1" METER
176	1	N. BISON PRESERVE DRIVE	1" METER
177	PRESERV	ROUNDABOUT	1" METER
178	3061	W. SIMON CIRCLE	1" METER
179	3081	W. SIMON CIRCLE	1" METER
180	3041	W. SIMON CIRCLE	1" METER
181	3151	W. SIMON CIRCLE	1" METER
182	3101	W. SIMON CIRCLE	1" METER
183	3150	W. SIMON CIRCLE	1" METER
184	2070	W. MERRILL	3/4" METER
185	3000 LM	5/8" @ 3000 W. VILLA LOOP	5/8" METER
186	100	N. RETREAT DR-5/8" LNDSC	5/8" METER
187	421	N. RETREAT DRIVE	5/8" METER
188	341	N. RETREAT DRIVE	5/8" METER
189	480	N. RETREAT DRIVE	5/8" METER
190	261	N. RETREAT DRIVE	5/8" METER
191	281	N. RETREAT DRIVE	5/8" METER
192	340	N. RETREAT DRIVE	5/8" METER
193	380	N. RETREAT DRIVE	5/8" METER
194	241	N. RETREAT DRIVE	5/8" METER
195	401	N. RETREAT DRIVE	5/8" METER
196	381	N. RETREAT DRIVE	5/8" METER
197	100	N. RETREAT DRIVE	5/8" METER
198	181	N. RETREAT DRIVE	5/8" METER
199	141	N. RETREAT DRIVE	5/8" METER
200	440	N. RETREAT DRIVE	5/8" METER
201	420	N. RETREAT DRIVE	5/8" METER
202	260	N. RETREAT DRIVE	5/8" METER
203	201	N. RETREAT DRIVE	5/8" METER
204	460	N. RETREAT DRIVE	5/8" METER
205	400	N. RETREAT DRIVE	5/8" METER
206	240	N. RETREAT DRIVE	5/8" METER
207	361	N. RETREAT DRIVE	5/8" METER
208	220	N. RETREAT DRIVE	5/8" METER
209	320	N. RETREAT DRIVE	5/8" METER
210	360	N. RETREAT DRIVE	5/8" METER
211	300	N. RETREAT DRIVE	5/8" METER
212	280	N. RETREAT DRIVE	5/8" METER

Fools Hollow-Park Valley Radio Meters

	C	D	G
213	180	N. RETREAT DRIVE	5/8" METER
214	281	N. RETREAT WAY	5/8" METER
215	400	N. RETREAT WAY	5/8" METER
216	261	N. RETREAT WAY	5/8" METER
217	480	N. RETREAT WAY	5/8" METER
218	500	N. RETREAT WAY	5/8" METER
219	440	N. RETREAT WAY	5/8" METER
220	360	N. RETREAT WAY	5/8" METER
221	460	N. RETREAT WAY	5/8" METER
222	160	N. RETREAT WAY	5/8" METER
223	381	N. RETREAT WAY	5/8" METER
224	401	N. RETREAT WAY	5/8" METER
225	420	N. RETREAT WAY	5/8" METER
226	380	N. RETREAT WAY	5/8" METER
227	340	N. RETREAT WAY	5/8" METER
228	301	N. RETREAT WAY	5/8" METER
229	321	N. RETREAT WAY	5/8" METER
230	221	N. RETREAT WAY	5/8" METER
231	320	N. RETREAT WAY	5/8" METER
232	240	N. RETREAT WAY	5/8" METER
233	781	S. 19TH AVENUE	5/8" METER
234	751	S. 19TH AVENUE	5/8" METER
235	661	S. 19TH AVENUE	5/8" METER
236	701	S. 19TH AVENUE	5/8" METER
237	700	S. 19TH AVENUE	5/8" METER
238	571	S. 25TH AVENUE	5/8" METER
239	551	S. 25TH AVENUE	5/8" METER
240	531	S. 25TH AVENUE	5/8" METER
241	740	S. 25TH AVENUE	5/8" METER
242	741	S. 25TH AVENUE	5/8" METER
243	760	S. 25TH AVENUE	5/8" METER
244	721	S. 25TH AVENUE	5/8" METER
245	501	S. 25TH WAY	5/8" METER
246	690	S. 26TH AVENUE	5/8" METER
247	700	S. 26TH AVENUE	5/8" METER
248	741	S. 26TH AVENUE	5/8" METER
249	780	S. 26TH AVENUE	5/8" METER
250	760	S. 26TH AVENUE	5/8" METER
251	701	S. 26TH AVENUE	5/8" METER
252	761	S. 26TH AVENUE	5/8" METER
253	551	S. 26TH DRIVE	5/8" METER
254	531	S. 26TH DRIVE	5/8" METER
255	590	S. 26TH DRIVE	5/8" METER
256	591	S. 26TH DRIVE	5/8" METER
257	550	S. 26TH WAY	5/8" METER
258	680	S. 27TH AVENUE	5/8" METER
259	660	S. 28TH AVENUE	5/8" METER
260	671	S. 29TH AVENUE	5/8" METER
261	680	S. 29TH AVENUE	5/8" METER
262	681	S. 29TH AVENUE	5/8" METER
263	701	S. 29TH AVENUE	5/8" METER
264	720	S. 29TH AVENUE	5/8" METER
265	670	S. 29TH AVENUE	5/8" METER

# Fools Hollow-Park Valley Radio Meters

	C	D	G
266	691	S. 29TH DRIVE	5/8" METER
267	701	S. 29TH DRIVE	5/8" METER
268	650	S. 29TH DRIVE	5/8" METER
269	630	S. 29TH DRIVE	5/8" METER
270	600	S. 29TH DRIVE	5/8" METER
271	621	S. 29TH DRIVE	5/8" METER
272	641	S. 29TH DRIVE	5/8" METER
273	640	S. 29TH DRIVE	5/8" METER
274	661	S. 29TH DRIVE	5/8" METER
275	690	S. 29TH DRIVE	5/8" METER
276	700	S. 29TH DRIVE	5/8" METER
277	681	S. 29TH DRIVE	5/8" METER
278	611	S. 29TH DRIVE	5/8" METER
279	610	S. 29TH DRIVE	5/8" METER
280	601	S. 29TH DRIVE	5/8" METER
281	640	S. 30TH AVENUE	5/8" METER
282	641	S. 30TH AVENUE	5/8" METER
283	660	S. 30TH AVENUE	5/8" METER
284	651	S. 30TH AVENUE	5/8" METER
285	101	S. 30TH AVENUE	5/8" METER
286	121	S. 30TH AVENUE	5/8" METER
287	141	S. 30TH AVENUE	5/8" METER
288	50	S. 30TH AVENUE	5/8" METER
289	393	S. 30TH AVENUE	5/8" METER
290	303	S. 30TH AVENUE	5/8" METER
291	260	S. 30TH AVENUE	5/8" METER
292	280	S. 30TH AVENUE	5/8" METER
293	400	S. 30TH AVENUE	5/8" METER
294	421	S. 30TH AVENUE	5/8" METER
295	261	S. 30TH AVENUE	5/8" METER
296	181	S. 30TH AVENUE	5/8" METER
297	60	S. 30TH AVENUE	5/8" METER
298	281	S. 30TH AVENUE	5/8" METER
299	621	S. 30TH AVENUE	5/8" METER
300	631	S. 30TH AVENUE	5/8" METER
301	681	S. 30TH AVENUE	5/8" METER
302	700	S. 30TH AVENUE	5/8" METER
303	661	S. 30TH AVENUE	5/8" METER
304	690	S. 30TH AVENUE	5/8" METER
305	670	S. 30TH AVENUE	5/8" METER
306	611	S. 30TH AVENUE	5/8" METER
307	601	S. 30TH AVENUE	5/8" METER
308	680	S. 30TH AVENUE	5/8" METER
309	620	S. 30TH AVENUE	5/8" METER
310	610	S. 30TH AVENUE	5/8" METER
311	650	S. 30TH AVENUE	5/8" METER
312	661	S. 30TH DRIVE	5/8" METER
313	671	S. 30TH DRIVE	5/8" METER
314	690	S. 30TH DRIVE	5/8" METER
315	590	S. 30TH DRIVE	5/8" METER
316	620	S. 30TH DRIVE	5/8" METER
317	610	S. 30TH DRIVE	5/8" METER
318	611	S. 30TH DRIVE	5/8" METER

# Fools Hollow-Park Valley Radio Meters

	C	D	G
319	630	S. 30TH DRIVE	5/8" METER
320	640	S. 30TH DRIVE	5/8" METER
321	700	S. 30TH DRIVE	5/8" METER
322	631	S. 30TH DRIVE	5/8" METER
323	691	S. 30TH DRIVE	5/8" METER
324	681	S. 30TH DRIVE	5/8" METER
325	651	S. 30TH DRIVE	5/8" METER
326	680	S. 30TH DRIVE	5/8" METER
327	621	S. 30TH DRIVE	5/8" METER
328	660	S. 30TH DRIVE	5/8" METER
329	650	S. 30TH DRIVE	5/8" METER
330	300	S. 31ST DRIVE	5/8" METER
331	260	S. 31ST DRIVE	5/8" METER
332	261	S. 31ST DRIVE	5/8" METER
333	140	S. 31ST DRIVE	5/8" METER
334	400	S. 31ST DRIVE	5/8" METER
335	281	S. 31ST DRIVE	5/8" METER
336	550	S. 31ST DRIVE	5/8" METER
337	39	S. 31ST DRIVE	5/8" METER
338	301	S. 31ST DRIVE	5/8" METER
339	141	S. 31ST DRIVE	5/8" METER
340	401	S. 31ST DRIVE	5/8" METER
341	220	S. 31ST DRIVE	5/8" METER
342	100	S. 31ST DRIVE	5/8" METER
343	180	S. 31ST DRIVE	5/8" METER
344	501	S. 31ST DRIVE	5/8" METER
345	201	S. 31ST DRIVE	5/8" METER
346	500	S. 31ST DRIVE	5/8" METER
347	100	S. CLARK OLD SHOP	5/8" METER
348	640	S. CLARK ROAD	5/8" METER
349	620	S. CLARK ROAD	5/8" METER
350	450	S. CLARK ROAD	5/8" METER
351	601	S. CLARK ROAD	5/8" METER
352	401	S. CLARK ROAD	5/8" METER
353	100	S. CLARK ROAD BLDG. A	5/8" METER
354	100	S. CLARK ROAD BLDG. B	5/8" METER
355	100	S. CLARK ROAD BLDG. C	5/8" METER
356	100	S. CLARK ROAD BLDG. D	5/8" METER
357	2980	W. BILLY MAYFAIR LOOP	5/8" METER
358	2720	W. BILLY MAYFAIR LOOP	5/8" METER
359	2561	W. BILLY MAYFAIR LOOP	5/8" METER
360	2540	W. BILLY MAYFAIR LOOP	5/8" METER
361	2800	W. BILLY MAYFAIR LOOP	5/8" METER
362	2860	W. BILLY MAYFAIR LOOP	5/8" METER
363	3001	W. BILLY MAYFAIR LOOP	5/8" METER
364	2981	W. BILLY MAYFAIR LOOP	5/8" METER
365	2740	W. BILLY MAYFAIR LOOP	5/8" METER
366	2880	W. BILLY MAYFAIR LOOP	5/8" METER
367	3000	W. BILLY MAYFAIR LOOP	5/8" METER
368	2580	W. BILLY MAYFAIR LOOP	5/8" METER
369	2921	W. BILLY MAYFAIR LOOP	5/8" METER
370	2760	W. BILLY MAYFAIR LOOP	5/8" METER
371	2900	W. BILLY MAYFAIR LOOP	5/8" METER

Fools Hollow-Park Valley Radio Meters

	C	D	G
372	2700	W. BILLY MAYFAIR LOOP	5/8" METER
373	2820	W. BILLY MAYFAIR LOOP	5/8" METER
374	2961	W. BILLY MAYFAIR LOOP	5/8" METER
375	2840	W. BILLY MAYFAIR LOOP	5/8" METER
376	2941	W. BILLY MAYFAIR LOOP	5/8" METER
377	2920	W. BILLY MAYFAIR LOOP	5/8" METER
378	2601	W. BILLY MAYFAIR LOOP	5/8" METER
379	2701	W. BILLY MAYFAIR LOOP	5/8" METER
380	2741	W. BILLY MAYFAIR LOOP	5/8" METER
381	2821	W. BILLY MAYFAIR LOOP	5/8" METER
382	2600	W. BILLY MAYFAIR LOOP	5/8" METER
383	2560	W. BILLY MAYFAIR LOOP	5/8" METER
384	2780	W. BILLY MAYFAIR LOOP	5/8" METER
385	2940	W. BILLY MAYFAIR LOOP	5/8" METER
386	2960	W. BILLY MAYFAIR LOOP	5/8" METER
387	1780	W. HALL	5/8" METER
388	1760	W. HALL	5/8" METER
389	1620	W. HUNING	5/8" METER
390	1800	W. HUNING	5/8" METER
391	1660	W. MCNEIL	5/8" METER
392	3040	W. MERRILL	5/8" METER
393	2061	W. MERRILL	5/8" METER
394	3030	W. MERRILL	5/8" METER
395	3021	W. MERRILL	5/8" METER
396	2060	W. MERRILL	5/8" METER
397	2600	W. OWENS	5/8" METER
398	2771	W. OWENS	5/8" METER
399	2761	W. OWENS	5/8" METER
400	2716	W. OWENS	5/8" METER
401	2691	W. OWENS	5/8" METER
402	2741	W. OWENS	5/8" METER
403	2751	W. OWENS	5/8" METER
404	2620	W. OWENS	5/8" METER
405	2661	W. OWENS	5/8" METER
406	2901	W. OWENS	5/8" METER
407	2640	W. OWENS	5/8" METER
408	2580	W. OWENS	5/8" METER
409	2681	W. OWENS	5/8" METER
410	2891	W. OWENS	5/8" METER
411	2731	W. OWENS	5/8" METER
412	2700	W. OWENS	5/8" METER
413	2871	W. OWENS	5/8" METER
414	2811	W. OWENS	5/8" METER
415	2830	W. OWENS	5/8" METER
416	2858	W. OWENS	5/8" METER
417	2800	W. OWENS	5/8" METER
418	2772	W. OWENS	5/8" METER
419	2900	W. OWENS	5/8" METER
420	2831	W. OWENS	5/8" METER
421	2844	W. OWENS	5/8" METER
422	2821	W. OWENS	5/8" METER
423	2791	W. OWENS	5/8" METER
424	2881	W. OWENS	5/8" METER

# Fools Hollow-Park Valley Radio Meters

	C	D	G
425	2660	W. OWENS STREET	5/8" METER
426	2680	W. OWENS STREET	5/8" METER
427	2786	W. OWENS STREET	5/8" METER
428	2641	W. OWENS STREET	5/8" METER
429	2781	W. OWENS STREET	5/8" METER
430	2920	W. OWENS STREET	5/8" METER
431	2621	W. OWENS STREET	5/8" METER
432	2872	W. OWENS STREET	5/8" METER
433	2816	W. OWENS STREET	5/8" METER
434	2730	W. OWENS STREET	5/8" METER
435	2851	W. OWENS STREET	5/8" METER
436	2841	W. OWENS STREET	5/8" METER
437	2744	W. OWENS STREET	5/8" METER
438	2886	W. OWENS STREET	5/8" METER
439	2758	W. OWENS STREET	5/8" METER
440	2101	W. PARK VALLEY ROAD	5/8" METER
441	2071	W. PARK VALLEY ROAD	5/8" METER
442	2081	W. PARK VALLEY ROAD	5/8" METER
443	2251	W. PARK VALLEY ROAD	5/8" METER
444	2180	W. PARK VALLEY ROAD	5/8" METER
445	2170	W. PARK VALLEY ROAD	5/8" METER
446	2261	W. PARK VALLEY ROAD	5/8" METER
447	2090	W. PARK VALLEY ROAD	5/8" METER
448	2561	W. REIDHEAD	5/8" METER
449	3000	W. REIDHEAD	5/8" METER
450	2980	W. REIDHEAD	5/8" METER
451	2990	W. REIDHEAD	5/8" METER
452	2940	W. REIDHEAD	5/8" METER
453	2960	W. REIDHEAD	5/8" METER
454	3020	W. REIDHEAD	5/8" METER
455	2720	W. REIDHEAD	5/8" METER
456	2620	W. STOCK	5/8" METER
457	2600	W. STOCK	5/8" METER
458	2400	W. STOCK	5/8" METER
459	2420	W. STOCK	5/8" METER
460	2461	W. STOCK	5/8" METER
461	2441	W. STOCK	5/8" METER
462	2701	W. STOCK	5/8" METER
463	2721	W. STOCK	5/8" METER
464	2660	W. STOCK	5/8" METER
465	2120	W. STRATTON	5/8" METER
466	1821	W. STRATTON	5/8" METER
467	2040	W. STRATTON	5/8" METER
468	2160	W. STRATTON	5/8" METER
469	1901	W. STRATTON	5/8" METER
470	1841	W. STRATTON	5/8" METER
471	2090	W. STRATTON	5/8" METER
472	2091	W. STRATTON	5/8" METER
473	1800	W. STRATTON	5/8" METER
474	2095	W. STRATTON	5/8" METER
475	2140	W. STRATTON DRIVE	5/8" METER
476	1791	W. STRATTON DRIVE	5/8" METER
477	2980	W. VILLA LOOP	5/8" METER

# Fools Hollow-Park Valley Radio Meters

	C	D	G
478	2791	W. VILLA LOOP	5/8" METER
479	2781	W. VILLA LOOP	5/8" METER
480	2821	W. VILLA LOOP	5/8" METER
481	2861	W. VILLA LOOP	5/8" METER
482	2801	W. VILLA LOOP	5/8" METER
483	2771	W. VILLA LOOP	5/8" METER
484	2831	W. VILLA LOOP	5/8" METER
485	2990	W. VILLA LOOP	5/8" METER
486	2761	W. VILLA LOOP	5/8" METER
487	2811	W. VILLA LOOP	5/8" METER
488	3000	W. VILLA LOOP	5/8" METER
489	2981	W. VILLA LOOP	5/8" METER
490	2961	W. VILLA LOOP	5/8" METER
491	2741	W. VILLA LOOP	5/8" METER
492	2951	W. VILLA LOOP	5/8" METER
493	3001	W. VILLA LOOP	5/8" METER
494	2971	W. VILLA LOOP	5/8" METER
495	2970	W. VILLA LOOP	5/8" METER
496	2751	W. VILLA LOOP	5/8" METER
497	2991	W. VILLA LOOP	5/8" METER
498	2841	W. VILLA LOOP	5/8" METER
499	2745	W. VILLA LOOP	5/8" METER
500	2760	W. VILLA LOOP	5/8" METER
501	2735	W. VILLA LOOP	5/8" METER
502	2790	W. VILLA LOOP	5/8" METER
503	2780	W. VILLA LOOP	5/8" METER
504	2851	W. VILLA LOOP	5/8" METER
505	2670	W. VILLA LOOP	5/8" METER
506	2660	W. VILLA LOOP	5/8" METER
507	2770	W. VILLA LOOP	5/8" METER
508	2871	W. VILLA LOOP	5/8" METER
509	2865	W. VILLA LOOP - LM 5/8"	5/8" METER
510	2920	W. WHIPPLE	5/8" METER
511	2960	W. WHIPPLE	5/8" METER
512	3150	W. WHIPPLE	5/8" METER
513	2980	W. WHIPPLE	5/8" METER
514	3000	W. WHIPPLE	5/8" METER
515	2930	W. WHIPPLE	5/8" METER

### **A.3 Backflow History**

# Backflow History

From: // Through: 08/12/2011

Sorted by: Account Number

*none in  
Fools Hollow.*

Service ID Service	Account No. Serial Number	Name Model	Size	Service Address Test Date	Route Test Result	Sequence Assem. Type	Last Tested Test By	Next Test Date Certif. Num.
0072	0072	GRACE CHURCH		700 S. 19TH AVENUE,	01	00475	07/05/2011	04/01/2012
WATER	371114	720A	1"	06/29/2006	PASS		AIRGOODS	03-00889
	Note:	LANDSCAPE						
WATER	371114	720A	1"	05/25/2005	PASS		CHURCH PLUMBING	03-00548
	Note:	LANDSCAPE						
WATER	371114	720A	1"	04/26/2007	PASS		AIRGOODS	03-00889
	Note:	LANDSCAPE						
WATER	371114	720A	1"	06/04/1999	PASS		PIPE-R. CHURCH	1163
	Note:	BACKFLOW						
WATER	371114	720A	1"	05/01/2000	PASS		PIPE-R. CHURCH	6T 1163
	Note:	BACKFLOW						
WATER	371114	720A	1"	05/21/2001	PASS		PIPE-R. CHURCH	1163
	Note:	BACKFLOW						
WATER	371114	720A	1"	04/25/2002	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	371114	720A	1"	05/05/2003	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	371114	720A	1"	04/15/2004	PASS		PIPE-R. CLARK	03-00548
	Note:	BACKFLOW						
WATER	371114	720A	1"	04/17/2008	PASS		AIRGOODS	03-00548
	Note:	replaces serial #065335						
WATER	371114	720A	1"	04/09/2009	PASS		AIRGOOD'S	03-00889
	Note:	BACKFLOW						
0072	0072	GRACE CHURCH		700 S. 19TH AVENUE,	01	00475	07/05/2011	04/01/2012
WATER	723761	800M4	1"	07/05/2010	PASS		AIRGOOD'S	03-00889
	Note:	THIS YEAR NEW UNIT						
WATER	723761	800M4	1"	07/05/2011	PASS		AIRGOOD'S	JA-9187
	Note:	BACKFLOW						
0073	0073	ALTA SIERRA VET		100 S. CLARK ROAD BLDG.	01		//	//
WATER	2152252	975XL	3/4"	06/20/2006	PASS		FARR	03-00149
	Note:	LANDSCAPE						
WATER	2152252	975XL	3/4"	05/08/2007	PASS		FARR PLUMBING	9293
	Note:	LANDSCAPE						
WATER	2152252	975XL	3/4"	06/10/1999	PASS		CARPENTER	03-00180
	Note:	backflow prevention						
WATER	2152252	975XL	3/4"	05/01/2000	PASS		PIPE-CHURCH	6T 1163
	Note:	backflow prevention						
WATER	2152252	975XL	3/4"	06/14/2001	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	2152252	975XL	3/4"	04/24/2002	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	2152252	975XL	3/4"	05/05/2003	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	2152252	975XL	3/4"	04/29/2004	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	2152252	975XL	3/4"	05/26/2005	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	2152252	975XL	3/4"	04/30/2008	PASS		FARR PLUMBING	GK9293
	Note:	backflow prevention						
0079	0079	CARL HOLMAN -		140 N. ASPEN DRIVE,	03		//	//
WATER	89920	007M2QT	1.5"	05/31/2005	PASS		AIRGOOD'S	03-00889
	Note:	BACKFLOW						

Service ID	Account No.	Name	Service Address	Route	Sequence	Last Tested	Next Test Date
Service	Serial Number	Model	Size	Test Date	Test Result	Assem. Type	Certif. Num.
WATER	89920	007M2QT	1.5"	06/27/2006	PASS		AIRGOODS 03-00889
	Note:	BACKFLOW					
WATER	89920	007M2QT	1.5"	04/03/2008	PASS	FIRE	AIRGOODS 03-00548
	Note:	tested in 2008 for 2007 backflow					
0103	0103	SAM SIMON	3061 W. SIMON CIRCLE,	03		//	//
WATER	89982	007M2QT	1.5"	05/31/2005	PASS		AIRGOOD'S 03-00889
	Note:	BACKFLOW					
WATER	89982	007M2QT	1.5"	06/25/2006	PASS		AIRGOODS 03-00889
	Note:	BACKFLOW					
WATER	89982	007M2QT	1.5"	06/25/2007	PASS		AIRGOODS 03-00889
	Note:	BACKFLOW					
WATER	89982	007M2QT	1.5"	06/02/2008	PASS		AIRGOODS 03-00548
	Note:	BACKFLOW					
WATER	89982	007M2QT	1.5"	05/18/2009	PASS		AIRGOOD'S 03-00889
	Note:	BACKFLOW					
0109	0109	JACK COOK - PAID	3061 W. SIMON CIRCLE,	03		//	//
WATER	89227	007M2QT	1"	06/30/2006	PASS		FARR 03-00149
	Note:	BACKFLOW					
WATER	89227	007M2QT	1"	05/31/2005	PASS		AIRGOODS 03-00889
	Note:	BACKFLOW					
WATER	89227	007M2QT	1"	07/29/2008	PASS	FIRE	FARR PLUMBING GK9293
	Note:	BACKFLOW					
0201	0201	WILLIAM LEWIS	101 N. ASPEN DRIVE,	03	30005	06/07/2011	04/01/2012
WATER		007M2	1.5"	06/25/2006	PASS		AIRGOOD'S 03-00889
	Note:	BACKFLOW					
0201	0201	WILLIAM LEWIS	101 N. ASPEN DRIVE,	03	30005	06/07/2011	04/01/2012
WATER	89168	007M2QT	1.5"	05/24/2005	PASS	FIRE	AIRGOODS 03-00889
	Note:	BACKFLOW					
WATER	89168	007M2QT	1.5"	01/04/2008	PASS	FIRE	AIRGOODS 03-00889
	Note:	BACKFLOW-FIRE SPRINKLER					
WATER	89168	007M2QT	1.5"	09/05/2009	PASS	FIRE	AIRGOOD'S 03-00889
	Note:	BACKFLOW					
WATER	89168	007M2QT	1.5"	05/28/2010	PASS	FIRE	AIRGOOD'S 03-00889
	Note:	BACKFLOW					
WATER	89168	007M2QT	1.5"	06/07/2011	PASS	FIRE	AIRGOOD'S JA-9187
	Note:	BACKFLOW					
0303	0303	NEW LIFE COMMUNITY	601 S. CLARK ROAD,	01	00440	12/05/2007	//
WATER	2032555	975XL	1"	06/05/2006	PASSED		AIRGOODS 03-00889
WATER	2032555	975XL	1"	05/11/1999	PASS		PIPE 1163
	Note:	BACKFLOW					
WATER	2032555	975XL	1"	05/09/2000	PASS		PIPE 6T 1163
	Note:	BACKFLOW					
WATER	2032555	975XL	1"	12/05/2007	N/A		NO NEED TO TEST N/A
	Note:	PER MM BACKFLOW PREVENTER REMOVED					
WATER	2032555	975XL	1"	04/30/2001	PASS		PIPE 1163
	Note:	BACKFLOW					
WATER	2032555	975XL	1"	04/16/2002	PASS		PIPE 03-00548
	Note:	BACKFLOW					
WATER	2032555	975XL	1"	04/23/2003	PASS		PIPE 03-00548
	Note:	BACKFLOW					
WATER	2032555	975XL	1"	05/19/2004	PASS		CHURCH PLUMBING 03-00548
	Note:	BACKFLOW					
WATER	2032555	975XL	1"	08/08/2005	PASS		AIRGOODS 03-00889
	Note:	BACKFLOW					
0315	0315	TONDA HALL -	81 N. ASPEN DRIVE,	03		//	//
WATER	90774	007M2QT	1.5"	03/22/2006	PASS		AIRGOODS 03-00889
	Note:	BACKFLOW					
WATER	90774	007M2	1.5"	06/01/2008	PASS	FIRE	AIRGOODS 03-00889
	Note:	BACKFLOW					

Service ID	Account No.	Name	Service Address	Route	Sequence	Last Tested	Next Test Date	
Service	Serial Number	Model	Size	Test Date	Test Result	Assem. Type	Certif. Num.	
0319	0319	NEW LIFE COMMUNITY	601 S. CLARK ROAD,	01	00445	12/05/2007	/ /	
WATER				05/11/1999	PASS	PIPE	1163	
	Note:	BACKFLOW						
WATER				05/09/2000	PASS	PIPE	1163	
	Note:	BACKFLOW						
WATER				04/30/2001	PASS	PIPE	1163	
	Note:	BACKFLOW						
WATER				04/16/2002	PASS	PIPE	03-00548	
	Note:	BACKFLOW						
WATER				04/23/2003	PASS	PIPE	03-00548	
	Note:	BACKFLOW						
WATER				05/19/2004	PASS	CHURCH PLUMBING	03-00548	
	Note:	BACKFLOW						
WATER				08/08/2005	PASS	AIRGOODS	03-00889	
	Note:	BACKFLOW						
WATER				06/05/2006	PASS	AIRGOODS	03-00889	
	Note:	BACKFLOW						
WATER				12/05/2007	N/A	PER MIKE MACK	N/A	
	Note:	BACKFLOW PREVENTER REMOVED-NO TEST						
0342	0342	WILLIAM LEWIS -	3150 W. SIMON CIRCLE,	03		/ /	/ /	
WATER	90770	007M2QT	1.5"	03/24/2006	PASS	FIRE	AIRGOODS	03-00889
	Note:	BACKFLOW						
WATER	90770	007M2QT	1.5"	05/02/2007	PASS	FIRE	AIRGOODS	03-00889
	Note:	BACKFLOW						
0432	0432	K-BAR RV PARK	300 N. 16TH AVENUE,	07		/ /	/ /	
WATER	778852	975XL	2"	05/30/2006	PASS		CLARK PLUMBING	03-00548
	Note:	LANDSCAPE						
WATER	778852	975XL	2"	04/25/2007	PASS		CLARK PLUMBING	03-10548
	Note:	LANDSCAPE						
WATER	778852	975XL	2"	04/30/1999	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	778852	975XL	2"	04/20/2000	PASS		PIPE-R. CHURCH	6T 1163
	Note:	BACKFLOW						
WATER	778852	975XL	2"	04/20/2001	PASS		PIPE-R. CHURCH	1163
	Note:	BACKFLOW						
WATER	778852	975XL	2"	04/25/2002	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	778852	975XL	2"	05/05/2003	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	778852	975XL	2"	04/16/2004	PASS		FARR	03-00149
	Note:	BACKFLOW						
WATER	778852	975XL	2"	06/01/2005	PASS		FARR	03-00149
	Note:	BACKFLOW						
0445	0445	JACK JENSEN	3151 W. SIMON CIRCLE,	03	30009	04/16/2011	04/01/2012	
WATER	89551	007M2QT	1.5"	05/03/2006	PASS		AIRGOODS	03-00889
	Note:	BACKFLOW						
WATER	89551	007M2QT	1.5"	01/05/2008	PASS	FIRE	AIRGOODS	03-00889
	Note:	COMPLETED IN 2008 FOR 2007 BACKFLOW						
WATER	89551	007M2QT	1.5"	09/04/2009	PASS	FIRE	AIRGOOD'S	03-00889
	Note:	BACKFLOW						
WATER	89551	007M2QT	1.5"	05/28/2010	PASS	FIRE	AIRGOOD'S	03-00889
	Note:	BACKFLOW						
WATER	89551	007M2QT	1.5"	04/16/2011	PASS	FIRE	AIRGOOD'S	JA-9187
	Note:	BACKFLOW						
0549	0549	PONDEROSA MEADOWS	250 N. 16TH AVENUE,	07	70033	05/27/2004	/ /	
WATER				05/11/1999	PASS		PIPE-R. CHURCH	1163
	Note:	BACKFLOW						
WATER				04/24/2000	PASS		PIPE-R. CHURCH	1163
	Note:	BACKFLOW						

Service ID Service	Account No. Serial Number	Name Model	Service Address Size	Test Date	Test Result	Route Assem. Type	Sequence	Last Tested Test By	Next Test Date Certif. Num.
WATER				06/25/2001	PASS			PIPE	1163
	Note:	BACKFLOW							
WATER				05/29/2002	PASS			FARR	03-00149
	Note:	BACKFLOW							
WATER				06/06/2003	PASS			PIPE- R. CLARK	03-00548
	Note:	BACKFLOW							
WATER				05/27/2004	N/A			PER MIKE MACK	N/A
	Note:	IF SPRINKLERS NOT IN USE NO NEED TO TEST							
0560	0560	MARTIN LEHMAN	120 N. ASPEN DRIVE,			03	30003	04/27/2011	04/01/2012
WATER	90978	007M2	1 1/2	05/02/2007	PASS			AIRGOODS	03-00889
	Note:	BACKFLOW							
WATER	90978	007M2	1 1/2	11/28/2006	PASS			AIRGOODS	03-00889
	Note:	BACKFLOW							
WATER	90978	007M2	1 1/2	08/29/2008	PASS			FARR PLUMBING	GK9293
	Note:	BACKFLOW							
WATER	90978	007M2	1 1/2	04/27/2009	PASS			AIRGOOD'S	03-00889
	Note:	BACKFLOW							
WATER	90978	007M2	1 1/2	07/05/2010	PASS			AIRGOOD'S	03-00889
	Note:	BACKFLOW							
WATER	90978	007M2	1 1/2	04/27/2011	PASS			AIRGOOD'S	JA-9187
	Note:	BACKFLOW							
0643	0643	SIMON BROTHERS	20 N. ASPEN DRIVE,			03		//	//
WATER				08/12/2008	PASS			AIRGOODS	03-00889
	Note:	BACKFLOW							
0661	0661	PEREGRINE	100 S. CLARK OLD SHOP,			01		//	//
WATER				04/23/2003	N/A			PER MIKE MACK	N/A
	Note:	NO SPRINKLER SYSTEM NO NEED TO TEST							
WATER				09/26/2005	N/A			PER MIKE MACK	N/A
	Note:	SENT LETTER-NO NEED TO TEST							
0818	0818	CEDAR MTN REALTY	640 S. 20TH AVENUE,			01		//	//
WATER	1480128	975XL	3/4"	06/13/2006	PASS			CLARK PLUMBING	03-00548
	Note:	LANDSCAPE							
WATER	1480128	975XL	3/4"	05/01/2001	PASS			FARR	03-00149
	Note:	BACKFLOW							
WATER	1480128	975XL	3/4"	05/22/2002	PASS			PIPE-R.CHURCH	03-00548
	Note:	BACKFLOW							
WATER	1480128	975XL	3/4"	06/27/2003	PASS			PIPE-R.CLARK	03-00548
	Note:	BACKFLOW							
WATER	1480128	975XL	3/4"	07/20/2004	PASS			CHURCH PLUMBING	03-00548
	Note:	BACKFLOW							
WATER	1480128	975XL	3/4"	06/13/2007	PASS			CLARK PLUMBING	03-00548
	Note:	BACKFLOW							
WATER	1480128	975XL	3/4"	07/22/2008	PASS			CLARK PLUMBING	03-00548
	Note:	BACKFLOW							
0977	0977	JAN SIMON	3101 W. SIMON CIRCLE,			03		//	//
WATER	88760	007M2QT	1.5"	03/18/2005	PASS			BOB'S BACKFLOW	03322
	Note:	BACKFLOW							
WATER	88760	007M2QT	1.5"	05/02/2007	PASS			AIRGOODS	03-00889
	Note:	BACKFLOW							
WATER	88760	007M2QT	1.5"	06/25/2006	PASS			AIRGOODS	03-00889
	Note:	BACKFLOW							
WATER	88760	007M2QT	1.5"	08/12/2008	PASS			AIRGOODS	03-00889
	Note:	BACKFLOW							
WATER	88760	007M2QT	1.5"	05/19/2009	PASS			AIRGOOD'S	03-00889
	Note:	BACKFLOW							
1028	1028	A. SCOTT FERGUSON	61 N. ASPEN DRIVE,			03		//	//
WATER	88762	007M2OT	1.5"	03/25/2005	PASS			BOB'S BACKFLOW	03-322
	Note:	BACKFLOW							
WATER	88762	007M2OT	1.5"	05/02/2007	PASS			AIRGOODS	03-00889
	Note:	BACKFLOW							

Service ID	Account No.	Name	Service Address	Route	Sequence	Last Tested	Next Test Date
Service	Serial Number	Model	Size	Test Date	Test Result	Assem. Type	Certif. Num.
WATER	88762	007M2OT	1.5"	06/28/2006	PASS	AIRGOODS	03-00889
	Note:	BACKFLOW					
WATER	88762	007M2OT	1.5"	06/01/2008	PASS	AIRGOODS	03-00889
	Note:	BACKFLOW					
WATER	1032	SIMON BROS.	IRRIGATION COMMON	03	30001	07/18/2011	04/01/2012
	Note:	BACKFLOW	07/18/2011	PASS		AIRGOODS	JA-9187
1090	1090	BISON CROSSINGS	3000 LM 1.5" @ 3000 W.	02	10009	07/12/2011	04/01/2012
WATER		BACKFLOW	12/17/2007	PASS		AIRGOODS	03-00889
	Note:	BACKFLOW					
1090	1090	BISON CROSSINGS	3000 LM 1.5" @ 3000 W.	02	10009	07/12/2011	04/01/2012
WATER	A03873	LF009M2	07/25/2008	PASS	IRRIG	AIRGOODS	03-00889
	Note:	BACKFLOW					
WATER	A03873	LF009M2	09/10/2009	PASS	IRRIG	AIRGOODS	03-00889
	Note:	BACKFLOW					
WATER	A03873	LF009M2	05/15/2010	PASS	IRRIG	COMMON GROUND	03-01416
	Note:	BACKFLOW					
WATER	A03873	LF009M2	07/12/2011	PASS	IRRIG	AIRGOODS	JA-9187
	Note:	BACKFLOW					
1091	1091	BISON CROSSINGS	3001 LM 1.5" @ 3001 W.	02	10044	07/12/2011	04/01/2012
WATER		BACKFLOW	12/07/2007	PASS		AIRGOODS	03-00889
	Note:	BACKFLOW					
1091	1091	BISON CROSSINGS	3001 LM 1.5" @ 3001 W.	02	10044	07/12/2011	04/01/2012
WATER	A01621	009M2	07/25/2008	PASS	IRRIG	AIRGOODS	03-00889
	Note:	BACKFLOW					
WATER	A01621	009M2	09/10/2009	PASS	IRRIG	AIRGOODS	03-00889
	Note:	BACKFLOW					
WATER	A01621	009M2	05/15/2010	PASS	IRRIG	COMMON GROUND	03-01416
	Note:	BACKFLOW					
WATER	A01621	009M2	07/12/2011	PASS	IRRIG	AIRGOODS	JA-9187
	Note:	BACKFLOW					
1100	1100	BISON HOME	3000 LM 5/8" @ 3000 W.	02		//	//
WATER		BACKFLOW	12/07/2007	PASS		AIRGOODS	03-00889
	Note:	BACKFLOW					
1100	1100	BISON HOME	3000 LM 5/8" @ 3000 W.	02		//	//
WATER	624376	800M4	08/12/2008	PASS	IRRIG	AIRGOODS	03-00889
	Note:	BACKFLOW					
1303	1303	BISON CROSSINGS	1 N. BISON PRESERVE	02		//	//
WATER	U14080	350A	05/10/2008	PASS		BOB'S BACKFLOW	G79351
	Note:	BACKFLOW					
WATER	U14080	350A	09/10/2009	PASS		AIRGOODS	03-00889
	Note:	BACKFLOW					
0432	1324	K-BAR RV	300 N. 16TH AVENUE,	07	70034	04/13/2011	04/01/2012
WATER	778852	975XL	04/29/2008	PASS		CLARK PLUMBING	03-00548
	Note:	BACKFLOW					
WATER	778852	975XL	04/20/2009	PASS		CLARK PLUMBING	03-00548
	Note:	BACKFLOW					
WATER	778852	975XL	04/22/2010	PASS		CLARK PLUMBING	03-00548
	Note:	BACKFLOW					
WATER	778852	975XL	04/13/2011	PASS		CLARK PLUMBING	03-00548
	Note:	BACKFLOW					
1333	1333	CEDAR MTN. REALTY	641 S. 20TH AVENUE,	01		//	//
WATER	623077	800M4	07/22/2008	PASS	LANDS	CLARK PLUMBING	03-00548
	Note:	BACKFLOW					
WATER	623077	800M4	09/11/2009	PASS	LANDS	CLARK PLUMBING	03-00548
	Note:	BACKFLOW					
1341	1341	BISON CROSSINGS	100 N. RETREAT DR-5/8"	02	10085	07/12/2011	04/01/2012
WATER	632142	800M4	05/15/2010	PASS	IRRIG	COMMON GROUND	03-01416
	Note:	BACKFLOW					

Service ID	Account No.	Name	Service Address	Route	Sequence	Last Tested	Next Test Date
Service	Serial Number	Model	Size	Test Date	Test Result	Assem. Type	Certif. Num.
WATER	632142	800M4	1"	07/12/2011	PASS	IRRIG	AIRGOOD'S JA-9187
	Note:	BACKFLOW					
1396	1396	BISON CROSSINGS	2865 W. VILLA LOOP - LM	02	10021	07/12/2011	04/01/2012
WATER	631435	800M4QT	1"	07/12/2011	PASS	BACKF	AIRGOOD'S JA-9187
	Note:	BACKFLOW					
1412	1412	ALTA SIERRA VET.	100 S. CLARK ROAD BLDG.	01	00363	07/05/2011	04/01/2012
WATER	2152252	975XL	3/4"	05/06/2009	PASS		FARR PLUMBING GK9293
	Note:	BACKFLOW					
WATER	2152252	975XL	3/4"	05/18/2010	PASS		FARR PLUMBING GK9293
	Note:	BACKFLOW					
WATER	2152252	975XL	3/4"	07/05/2011	PASS		AIRGOOD'S JA-9187
	Note:	BACKFLOW					
0079	1499	CENTURY 21 SUNSHINE	140 N. ASPEN DRIVE,	03		//	//
WATER	A23022	007M2QT	1.5"	05/25/2009	PASS	FIRE	AIRGOOD'S 03-00889
	Note:	BACKFLOW					
1100	1578	BISON CROSSING	3000 LM 5/8" @ 3000 W.	02	10010	07/12/2011	04/01/2012
WATER	624376	800M4		09/10/2009	PASS	IRRIG	AIRGOOD'S 03-00889
	Note:	BACKFLOW					
WATER	624376	800M4		11/11/2010	PASS	IRRIG	AIRGOOD'S 03-00889
	Note:	BACKFLOW					
WATER	624376	800M4		07/12/2011	PASS	IRRIG	AIRGOOD'S JA-9187
	Note:	BACKFLOW					
0818	1597	ALVIN LIVINGSTON	640 S. 20TH AVENUE,	01	00747	06/30/2011	04/01/2012
WATER	1480128	975XL	3/4"	09/08/2009	PASS		CLARK PLUMBING 03-00548
	Note:	BACKFLOW					
WATER	1480128	975XL	3/4"	11/13/2010	PASS		MCCORMICK MM 4028
	Note:	BACKFLOW					
WATER	1480128	975XL	3/4"	06/30/2011	PASS		MCCORMICK MM 4028
	Note:	BACKFLOW					
1028	1620	VAL KENNEDY -	61 N. ASPEN DRIVE,	03		//	//
ER	88762	007M2OT	1.5"	01/13/2010	PASS		AIRGOOD'S 03-00889
	Note:	BACKFLOW					
0315	1647	BRYCE ALBRECHT -	81 N. ASPEN DRIVE,	03		//	//
WATER	90774	007M2	1.5"	01/04/2010	PASS	FIRE	AIRGOOD'S 03-00889
	Note:	BACKFLOW					
1303	1649	FIRST COMM	1 N. BISON PRESERVE	02		//	//
WATER	U14080	350A	1"	05/12/2010	PASS		AIRGOOD'S 03-00889
	Note:	BACKFLOW					
1333	1651	LONE WOLF REAL	641 S. 20TH AVENUE,	01	00746	07/12/2011	04/01/2012
WATER	623077	800M4	1"	05/05/2010	PASS	LANDS	AIRGOOD'S 03-00889
	Note:	BACKFLOW					
WATER	623077	800M4	1"	07/12/2011	PASS	LANDS	AIRGOOD'S JA-9187
	Note:	BACKFLOW					
0109	1655	HERB ANDERSON	3081 W. SIMON CIRCLE,	03	30011	07/16/2010	04/01/2011
WATER	89227	007M2QT	1"	01/08/2010	PASS	FIRE	FARR PLUMBING GK9293
	Note:	BACKFLOW					
WATER	89227	007M2QT	1"	07/16/2010	PASS	FIRE	FARR PLUMBING GK9293
	Note:	BACKFLOW					
0643	1662	REALTY EXECUTIVES	20 N. ASPEN DRIVE,	03		//	//
WATER	A05090	007M2	1 1/2"	01/21/2010	PASS		FARR PLUMBING GK9293
	Note:	BACKFLOW					
1028	1668	A. SCOTT FERGUSON	61 N. ASPEN DRIVE,	03		//	//
WATER	88762	007M2OT	1.5"	10/26/2010	PASS		AIRGOOD'S 03-00889
	Note:	BACKFLOW					
0079	1680	HARPER BUTTYAN	140 N. ASPEN DRIVE,	03	30004	04/28/2011	04/01/2012
WATER	A23022	007M2QT	1.5"	06/10/2010	PASS	FIRE	AIRGOOD'S 03-00889
	Note:	BACKFLOW					
WATER	A23022	007M2QT	1.5"	04/28/2011	PASS	FIRE	AIRGOOD'S JA-9187
	Note:	BACKFLOW					

Service ID	Account No.	Name	Service Address	Route	Sequence	Last Tested	Next Test Date
Service	Serial Number	Model	Size	Test Date	Test Result	Assem. Type	Certif. Num.
0103	1685	RODNEY NIEMIER	3061 W. SIMON CIRCLE,	03	30012	06/09/2011	04/01/2012
WATER	89982	007M2QT	1.5"	04/28/2010	PASS	B & W FIRE	03-1306
	Note:	BACKFLOW					
WATER	89982	007M2QT	1.5"	06/09/2011	PASS	AIRGOOD'S	JA-9187
	Note:	BACKFLOW					
0342	1712	KEN GEORGE	20 N. ASPEN DRIVE,	03	30000	07/18/2011	04/01/2012
WATER	A05090	007M2	1 1/2"	07/16/2010	PASS	FARR PLUMBING	GK9293
	Note:	BACKFLOW					
WATER	A05090	007M2	1 1/2"	07/18/2011	PASS	AIRGOOD'S	JA-9187
	Note:	BACKFLOW					
0342	1779	GEORGE MIRANDA	3150 W. SIMON CIRCLE,	03	30008	07/25/2011	04/01/2012
WATER	90770	007M2QT	1.5"	12/06/2010	PASS	FIRE	FARR PLUMBING
	Note:	BACKFLOW					GK9293
WATER	90770	007M2QT	1.5"	07/25/2011	PASS	FIRE	FARR
	Note:	IN FRONT UNDER STAIRS					GK9293
0315	1790	KAREN FRAILING	81 N. ASPEN DRIVE,	03	30006	07/12/2011	04/01/2012
WATER	90774	007M2	1.5"	12/08/2010	PASS	FIRE	SHAUN DAVIS
	Note:	BACKFLOW					03-00741
WATER	90774	007M2	1.5"	07/12/2011	PASS	FIRE	FARR
	Note:	BACKFLOW					GK9293
0977	1811	RAY JUSSILA	3101 W. SIMON CIRCLE,	03		//	//
WATER	88760	007M2QT	1.5"	02/28/2011	PASS	AIRGOOD'S	JA-9187
	Note:	BACKFLOW					
WATER	88760	007M2QT	1.5"	07/21/2011	PASS	AIRGOOD'S	JA-9187
	Note:	BACKFLOW					
1028	1823	RAY JUSSILA	61 N. ASPEN DRIVE,	03		//	//
WATER	88762	007M2OT	1.5"	04/01/2011	PASS	AIRGOOD'S	JA-9187
	Note:	BACKFLOW					
1248	1838	FIRST COMMUNITY	1 N. BISON PRESERVE	02	10003	04/12/2011	04/01/2012
WATER			04/12/2011	PASS		AIRGOOD'S	JA-9187
	Note:	BACKFLOW					
1303	1839	FIRST COMMUNITY	1 N. BISON PRESERVE	02	10002	04/12/2011	04/01/2012
WATER	U14080	350A	1"	04/12/2011	PASS	AIRGOOD'S	JA-9187
	Note:	BACKFLOW					
1363	1840	FIRST COMMUNITY	1 N. BISON PRESERVE	02	10005	04/12/2011	04/01/2012
WATER			04/12/2011	PASS		AIRGOOD'S	JA-9187
	Note:	BACKFLOW					

#### **A.4 Fire Hydrants**

*Park Valley Water Company, Inc.*  
Fire Hydrants

	A
1	Elkins Acres: 2731 W. Owens (lot 34)
2	Elkins Acres: 26th & Owens
3	Elkins Acres: 2871 W. Owens (lot 47)
4	Unit 3: 29th Ave., between 680 & 700 S. 29th Ave.
5	Unit 3: Corner of Reidhead & 30th Ave., between 2990 & 3000 W. Reidhead
6	Unit 3: Whipple, between 2960 & 2980 W. Whipple
7	Pine Grove: 1621 W. Huning
8	Pine Grove: 1641 W. Hall
9	Ponderosa Apartments -16th Ave. ("in front" of complex, hydrant "inside" complex belongs to Ponderosa)
10	Park Place: Merrill, between 1801 & 1830 W. Merrill
11	Park Place: 16th Ave. & Miller, between 120 S. 16th & 1650 W. Miller
12	Park Place: Between 1801 & 1830 W. Nikolaus
13	Park Place: 1648 W. Oliver
14	Park Place III: Between 1911 & 1921 W. Oliver
15	Park Place III: Between 1860 W. & 1870 W. Nikolaus
16	Park Place III: Between 1920 & 1930 W. Nikolaus
17	Park Place IV: 1860 W. Merrill
18	Park Place IV: 2001 W. Merrill
19	Park Place III: 1881 W. Oliver
20	The Village: 20 Aspen Dr. (put into service Nov 2004)
21	New Life Community Church(parking Lot) 80 degree N. of SR260 – 601 S. Clark
22	2050 W. Merrill (Mr. Murray)
23	Bison: West lot corner of lot 71- W Villa Loop
24	Bison: In front of lot 43- W Villa Loop
25	Bison: In front of lot 49-W Villa Loop
26	Bison: Between lots 59 & 60 -W Villa Loop
27	Bison: Corner of W Villa Loop & Retreat Way N/W side of lot 67
28	Bison: Between lots 81 & 82 -Billy Mayfair Loop
29	Bison: Between lots 83 & 84 -Billy Mayfair Loop
30	Bison: Between lots 87 & 88 -Billy Mayfair Loop
31	Bison: Between lots 23 & 24 -Retreat Way
32	Bison: Between lots 52 & 53 -Retreat Way

*Park Valley Water Company, Inc.*  
Fire Hydrants

	A
33	Bison: Between lots 58 & 59 -Retreat Way
34	Bison: Between lots 62 & 63 -Retreat Way
35	Bison: S/W corner of lot 64 -Retreat Way
36	Bison: Between lots 72 & 73 -Retreat Way
37	Bison: Southwest corner of Billy Mayfair and Retreat Way
38	Bison: Parkway north & Bison Parkway west @ roundabout on south west side
39	Bison: Parkway west on north west side of turn out
40	Bison: Parkway west on north east side of turn around
41	Bison: Bison Preserve southwest Circle of lot 4 & track C
42	Bison: Bench Road & Lower Bench southeast intersection
43	Bison: Lower Bench Circle between lots 6 & 7
44	Bison: Bench Road between lots 14 & 15 south side of road
45	Bison: Bench Road between lots 72 & 73 on north side of road
46	Bison: Bench Loop between lots 77 & 78 on west side of road
47	Bison: Bench Loop & Bench Circle on southeast corner
48	Bison: Bench Circle west & Bench Loop north on southeast side of intersection
49	Bison: Bench Loop north between lots 68 & 69

# Fools Hollow Water Company, Inc.

## Fire Hydrants

A	
1	Old Linden Road, near 2541 & 2521W. Old Linden Road
2	22nd Ave. & 22nd Dr., between 1101 & 1143 N. 22nd Dr. (installed 12-01 for FH Lake HOA)
3	27th Dr. & Sylvester, between 1380 & 1500 N. 27th Dr. (installed 4-03 for FH Lake HOA)
4	22nd Dr. & Sylvester, between 1385 & 1420 N. 22nd Dr. (installed 12-01 for FH Lake HOA)
5	22nd Ave. & 22nd Dr., between 2200 & 2221 N. 22nd Dr. (installed 11-02 for FH Lake HOA)
6	Rogers Drive at 25th Drive
7	Needles Creek I: Lot 1
8	Needles Creek I: Between lots 7 & 8
9	Needles Creek I: Between lots 12 & 13
10	Needles Creek I: Between lots 33 & 34
11	Needles Creek II: Alpine Ridge west in front of Lot 37
12	Needles Creek II: Alpine Ridge west between lots 43 & 44
13	Needles Creek II: Alpine Ridge west by lot 48 on northwest side
14	
15	
16	

March 2011: Hydrant valve slurried over, Floyd had to find w/metal detector and remove slurry.

March 2011: Hydrant valve slurried over, Floyd had to find w/metal detector and remove slurry.

## CITY OF SHOW LOW

March 10, 2006 Hydrant Test – Needles Creek

3:00 pm Flow Hydrant: Lot 29  
Residual Hydrant: Lot 8

<u>CONDITION</u>	<u>FLOW HYDRANT</u>	<u>RESIDUAL HYDRANT</u>	<u>REMARKS</u>
Pitot Pressure, psi	15		Using 2 1/2" flow nozzle
Residual Pressure, psi		35	Hydrant coefficient = 0.9
Static Pressure, psi		63	

$$Q = 29.82 \times \text{coefficient} \times D_2 \times \sqrt{\text{pitot}}$$

$$Q = 650 \text{ g.p.m.}$$

Determined flow at 20 psi

$$\text{Flow} \propto \frac{(\text{static} - 20)^{.54}}{(\text{residual} - \text{static})^{.54}}$$

$$650 = \frac{43}{28} \frac{7.62}{6.05} = 819 \text{ G.P.M.}$$

(This test is for informational purposes only.)

# HYDRANT FLOW TEST REPORT

Date: 6-13-07

Test by: M Mack

Time: 2:10 P

Representative of: PV/FH Water Co.

Purpose of Test: Fire Flow - New construction

Test Location #1 Lot 58 Bison Xing Retreat

Test Location #2 Same

Flow Hydrants

Test #1

Test #2

Static pressure

35 PSI

35 PSI

Nozzle size

2 1/2"

2 1/2"

Test Pressure Reading

20 PSI

15 PSI

Discharge Coefficient

0.9

0.9

GPM

1531

1534 (766.8 x 2)

Residual Pressure:

31 PSI

24 PSI

Location: (Test 1)

FH on lot 52

Test 52

Location: (Test 2)

Same as above Plus FH open lot 63

Remarks:

Witness - C. Carpenter & Tim (city)  
of Shawlow.  
Bart (Bison) Buddy (Aiton Const)

M Mack

Q = 750 gpm

$$= 750 \frac{(35 - 20)^{.54}}{(35 - 31)^{.54}} = 1531$$

# HYDRANT FLOW TEST REPORT

Copy

Date: Oct 2-07

Test by: M. Mack & C. Carpenter Time: 10:30A & 11:25A

Representative of: PV/FH Water Co. & City of Show Low

Purpose of Test: \_\_\_\_\_

Test Location #1 SW cor. Bison Parkway & Bison Golf Lane

Test Location #2 Same

Flow Hydrants Lot 15 Bench Rd. Test #1 ← Test #2 → \*

Static pressure	<u>33</u>	<u>62</u>	<u>62</u>
Nozzle size	<u>2 1/2"</u>	<u>2 1/2"</u>	<u>2 1/2"</u>
Test Pressure Reading	<u>29</u>	<u>26</u>	<u>21</u>
Discharge Coefficient	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>
GPM	<u>1708</u>	<u>2096</u>	<u>1883</u>
Residual Pressure:	<u>29</u> <u>30 PSI</u>	<u>54</u>	<u>54</u>

Location: (Test 1) Lot 6.3 Bison Retreat Way (Gauge)

Location: (Test 2) Behind Lot A Bison Preserve Dr.  
\* Same

Remarks: Test #1  $903.6 \times \left[ \frac{13}{4} \right]^{0.54} = 1708$

Test #2  $855.6 \times \left[ \frac{42}{8} \right]^{0.54} = 2096$

\*  $768.5 \times \left[ \frac{42}{8} \right]^{0.54} = 1883$

Test #2 & \* Hydrants on at same time. 2 Hydrant Total 3979

m. Mack

## HYDRANT FLOW TEST REPORT

Date: June 2-08

Test by: M. Mack

Time: 1:40 P

Representative of: PV/FH Water Co. & City of Shawlow

Purpose of Test: Fire Flow new system

Test Location #1 Bison Preserve IB (Lot 63)

Test Location #2 \_\_\_\_\_

Flow Hydrants

Test #1

Test #2

Static pressure

53

Nozzle size

2 1/2"

Test Pressure Reading

29

Discharge Coefficient

0.9

GPM

1723

Residual Pressure:

43

Location: (Test 1)

Existing F.H. @ 20<sup>th</sup> Ave & Merrial

Location: (Test 2)

Remarks:

$$904 \times \left[ \frac{53-20}{53-43} \right]^{1.54} = 904 \times 1.91 = 1723 \text{ GPM}$$

m Mack

## **A.5 Inventory (Spare Parts)**

## SPARE PARTS

<u>19th Ave (A-(10-21)24DDC)</u>	No.
3/4"x3/4" meters, Neptune	7
3" register for Neptune	1
1" Neptune meter	4
1-1/2" Neptune meter	1
corp stops	4
Neptune 5/8"x3/4" radio read registers	10
5/8"x3/4" Neptune radio read meter	9
Misc. spare parts	1

<u>20th Ave (A(10-21)24 DAC)</u>	
1-1/2" Neptune radio read meter	1
4" check valve	1
2" check valve	1
Pollard water fire flow kit	1
Cl <sub>2</sub> test kit (Hach)	2
12" valve wheel	1
4" MJ set	3
6" MJ set	1
8" MJ set	5
6" SST Ford repair clamps	2
1" poly pipe	300
used plastic meter boxes	7
used half-meter boxes	6
used concrete meter boxes	4
used 8" MJ restrained joints	3

<u>Old Linden (A-(10-21)24BAA)</u>	
Neptune rebuilt 4" radio read register	1
1" Neptune radio read meter	4
corp stops	6
barrel locks	150
Neptune 5/8"x3/4" radio read registers	4
3" Sensus hydrant meter	1
8" insulating flanges	3

## **Lawrence V. Robertson Jr.**

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**From:** Tubac Historical Society [events@ths-tubac.org]  
**Sent:** Thursday, March 22, 2012 9:03 AM  
**To:** Tubac Historical Society  
**Subject:** Irene Deaton

We are deeply saddened to announce the death of our good friend and longtime THS board member Irene Deaton, who passed away peacefully on Wednesday, March 21, 2012. Her nieces Gail DeBuse Potter and Margaret DeBuse Headid would like to invite Irene's friends to a celebration of her life...

There will be a Celebration of Life for

**IRENE DEATON**

Saturday, March 24, 2012, 2:30 pm

at the

Tubac Presido State Historic Park  
Otero Hall

*Please come and say goodbye with us  
and wish her a Happy 85th Birthday.*

*Refreshments following.*

*In lieu of flowers,  
memorial contributions may be made to  
The Tubac Historical Society.*

### **Tubac Historical Society**

PO Box 3261, Tubac, AZ 85646

Office phone: 520-398-2020

Email: [events@ths-tubac.org](mailto:events@ths-tubac.org)

Website: [www.THS-Tubac.org](http://www.THS-Tubac.org)

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No virus found in this message.

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2012.0.1913 / Virus Database: 2114/4885 - Release Date: 03/21/12

## **APPENDIX B**

Docket No. W-01553A-12-0043  
Docket No. W-02042A-12-0062

**COMPANY NAME:** Park Valley Water Company, Inc.

**Name of System:** Fools Hollow-Park Valley

**ADEQ Public Water System Number:** 09-011

### WATER COMPANY PLANT DESCRIPTION

#### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-628642	25	110	550	8	2	1962
55-552190	25	130	565	8	2	1996
55-212186	50	250	500	10	4	2006

\* Arizona Department of Water Resources Identification Number

#### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
City of Show Low	350	0

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	1	49	
10	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000 gallon tank Serves entire system 09-011 (Fools Hollow Water Co. Inc. 35%, Park Valley Water Company, Inc. 65%)	1	5,000	

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

**COMPANY NAME:** Park Valley Water Company, Inc.

**Name of System:** Fools Hollow-Park Valley

**ADEQ Public Water System Number:** 09-011

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC	848
3		
4	PVC/ACP	19,665
5		
6	PVC/DIP	26,517
8	PVC	18,989
10		
12	PVC	12,550

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	640
3/4	6
1	19
1 1/2	3
2	1
Comp. 3	1
Turbo 3	
Comp. 4	1
Turbo 4	
Comp. 6	
Turbo 6	

**For the following three items, list the utility owned assets in each category for each system.**

**TREATMENT EQUIPMENT:** None

**STRUCTURES:** Two (2) well houses, one (1) booster station building

**OTHER:** Land 130' x 130', 30' x 50', .23 acres

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

**COMPANY NAME:** Fools Hollow Water Company, Inc.

**Name of System:** Fools Hollow-Park Valley    **ADEQ Public Water System Number:** 09-011

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-628643	30	150	500	8	2	1977

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
None		13	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000 gallon Serves entire system 09-001 (Fools Hollow Water Co, Inc. 35%, Park Valley Water Co Inc. 65%)	1		

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

**COMPANY NAME: Fools Hollow Water Company, Inc.**

**Name of System: Fools Hollow-Park Valley**

**ADEQ Public Water System Number: 09-011**

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC	698
3	PVC	888
4	PVC/ACP	5,492
5		
6	PVC /ACP/DIP	15,380
8	PVC	1,600
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	356
3/4	3
1	2
1 1/2	
2	1
Comp. 3	1
Turbo 3	1
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

**For the following three items, list the utility owned assets in each category for each system.**

**TREATMENT EQUIPMENT: None**

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**STRUCTURES:**

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**OTHER:**

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***Note: If you are filing for more than one system, please provide separate sheets for each system.***

## **APPENDIX C**

Docket No. W-01553A-12-0043  
Docket No. W-02042A-12-0062

COMPANY NAME: Park Valley Water Company, Inc.

Name of System: Fools Hollow-Park Valley ADEQ Public Water System Number: 09-011

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	627	1,976	2,152	
FEBRUARY	619	2,318	2,532	0
MARCH	621	1,888	2,062	0
APRIL	620	1,731	1,889	0
MAY	635	3,371	3,671	0
JUNE	644	3,568	3,868	0
JULY	646	5,040	5,443	0
AUGUST	646	5,604	6,058	0
SEPTEMBER	645	3,684	4,009	0
OCTOBER	649	3,941	4,268	0
NOVEMBER	655	2,655	2,889	0
DECEMBER	641	1,951	2,124	0
TOTALS →		37,727	40,965	0

What is the level of arsenic for each well on your system? \_\_\_\_\_ mg/l

(If more than one well, please list each separately.)

55-628642 = 0.0011

55-552190 = 0.0041

55-212186 = 0.0065

If system has fire hydrants, what is the fire flow requirement? 1,000\_GPM for \_\_2\_\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

( ) Yes

( ) No

( X ) N/A – no chlorination treatment

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes

( X ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes

( X ) No

If yes, provide the GPCPD amount: \_\_\_\_\_

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME: Fools Hollow Water Company, Inc.

Name of System: Fools Hollow-Park Valley ADEQ Public Water System Number: 09-011

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	330	990	1,078	0
FEBRUARY	330	1,091	1,191	0
MARCH	329	945	1,032	0
APRIL	330	921	1,005	0
MAY	331	1,819	1,981	0
JUNE	341	1,812	1,964	0
JULY	347	2,557	2,761	0
AUGUST	345	2,776	3,001	0
SEPTEMBER	342	1,835	1,997	0
OCTOBER	343	1,997	2,163	0
NOVEMBER	339	1,245	1,354	0
DECEMBER	336	990	1,078	0
TOTALS →		18,978	20,605	

What is the level of arsenic for each well on your system? \_\_\_\_ <0.006 \_\_\_\_ mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1,000 \_GPM for \_2\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
( ) Yes ( ) No (X) N/A – No chlorination treatment

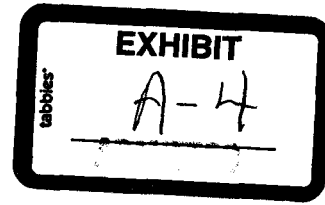
Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes (X) No

If yes, provide the GPCPD amount: \_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

**Exhibit A-4**  
**Victoria McCarty**



**December 6, 2011 Asset Purchase  
Agreement**

**June 11, 2012 ACC Hearing**  
**Park Valley Water Company, Inc.**  
**Fools Hollow Water Company, Inc.**  
**Docket Nos. W-01653A-12-0043**  
**and W-02042A-12-0062**

## Asset Purchase and Sale Agreement

This Asset Purchase and Sale Agreement (the "Agreement"), dated this 6<sup>th</sup> day of December, 2011, is entered into by and between PARK VALLEY WATER COMPANY, INC. AND FOOLS HOLLOW WATER COMPANY, INC., (hereinafter collectively "Seller"), and THE CITY OF SHOW LOW, an Arizona Municipal Corporation (hereinafter "Buyer").

### 1. Recitals.

- 1.1 Seller consists of two (2) public service corporations that are Arizona corporations doing business in Navajo County, Arizona. Park Valley Water Company, Inc. provides public water utility services to approximately 635 customers. Fools Hollow Water Company, Inc. provides public water utility services to approximately 335 customers. Seller owns the assets listed as Exhibit "A" to this Agreement and desires to sell the same to Buyer. Seller operates as two (2) Arizona public service corporations under separate Certificates of Convenience and Necessity issued by the Arizona Corporation Commission ("ACC") in Decision Nos. 31739 (August 12, 1959), 38537 (June 9, 1966) and 43620 (August 30, 1973) for Park Valley Water Company; and, Decision Nos. 39206 (October 13, 1967) and 43619 (August 30, 1973) for Fools Hollow Water Company, Inc., copies of which are attached hereto as Exhibit D. Seller desires to sell the assets listed on Exhibit "A" to Buyer upon the terms and conditions set forth herein.
- 1.2 Buyer is an Arizona municipal corporation authorized to provide water service pursuant to A.R.S. § 9-511 and desires to purchase Seller's water system and associated real property from Seller upon the terms and conditions set forth herein.

NOW THEREFORE, the parties hereby agree as follows:

### 2. Definitions.

- 2.1 The following capitalized words used in this Agreement shall have the meanings set forth below:
  - 2.1.1 Accounts Receivable: Any right for the payment to Seller for services or goods provided or rendered by Seller prior to the Closing or within thirty (30) days of closing, whether or not evidenced by an instrument or chattel paper, arising out of or in any way related to the Business.
  - 2.1.2 Aid in Construction Agreements: All ACC-approved main or line extension agreements between Seller and third parties, being those included in Exhibit "B" hereto.

- 2.1.3 Assets: Collectively, the Real Property, Goodwill, Improvements, Equipment, Inventory, Contract Rights, Licenses, Certificates, Warranties and Guarantees, and Records owned and used by Seller in connection with the Business, to be sold by Seller and purchased by Buyer pursuant to this Agreement, as described on Exhibit "A" hereto; provided, however, Assets shall not include Accounts Receivable and cash on hand or in any bank/brokerage accounts at Closing. The Assets shall also include all water rights and claims for water rights, if any, whether filed or not, associated with the real property listed in Exhibit H hereto or used to provide water to any of Seller's customers as of the Closing.
- 2.1.4 Assignment and Assumption of Contract Rights: Those certain documents to be given by Seller to Buyer assigning all of Seller's interest in the Contract Rights, and the Buyer's assumption of all obligations under the Contract Rights, and assigning all of Seller's interest in the Goodwill, Licenses, Certificates, Warranties and Guarantees that are transferable. See Exhibit I.
- 2.1.5 Bill of Sale: That certain document to be given by Seller to Buyer conveying all of Seller's interest in and to the Equipment, Inventory and Records, a copy of which is attached hereto as Exhibit "C".
- 2.1.6 Business: The water utility business known as Park Valley Water Company, Inc. and the Fools Hollow Water Company, Inc. (collectively "Park Valley/Fools Hollow") currently (i) owned and operated by Seller as a public service corporation and (ii) engaged in the sale of water for domestic, commercial and other uses in the Certificated Area pursuant to the Certificates issued by the ACC, and the provision of other related services in connection therewith.
- 2.1.7 Buyer: City of Show Low, a municipal corporation under the laws of the State of Arizona, or its nominee or assign.
- 2.1.8 Certificates: The Certificates of Convenience and Necessity ("CC&N") issued by the ACC in the Decisions listed on Exhibit "D" hereto, authorizing Seller to engage as a public service corporation in the sale of water for domestic, commercial and other uses in the Certificated Area.
- 2.1.9 Certificated Area: The geographic area set forth on Exhibit "E" in

which Seller conducts its Business which area is more particularly shown on the map attached hereto as Exhibit "F", which map is for the purpose of showing the boundaries of the Certificated Area.

- 2.1.10 Closing: That point in time when (a) all of Seller's obligations and Buyer's obligations hereunder have been fulfilled; (b) the Escrow Agent has received all required funds and documents from the parties; and (c) the Escrow Agent disburses all of the sale's proceeds and records the Transfer Instrument as required by this Agreement.
- 2.1.11 Commitment: The Commitment for Title Insurance issued by Title Insurer for standard coverage title insurance showing status of title to the Real Property as of the date of the Commitment.
- 2.1.12 Contract Rights: The right to have services, goods or Equipment provided to the Business by third persons, including, without limitation, any leases of Equipment by Seller.
- 2.1.13 Creditors: Any and all persons or entities to whom Seller owes money, goods or services.
- 2.1.14 Equipment: Tangible personal property, whether affixed or not to the Real Property, which has been acquired by or is under lease to Seller for use primarily in the Business, including but not limited to all equipment used in the operation of wells, storage reservoirs, booster stations, transmission mains and distribution systems, office equipment, billing software (continental system) and motor vehicles, as listed in Exhibit "G" hereto.
- 2.1.15 Escrow Agent: Lawyers Title Agency of Arizona, Inc. 1500 East Woolford, Show Low, AZ 85901.
- 2.1.16 Feasibility Period: The period beginning upon the Opening of Escrow and ending five (5) days after obtaining all Regulatory Approvals.
- 2.1.17 Goodwill: The goodwill of the Business.
- 2.1.18 Improvements: Wells, storage reservoirs, booster stations, transmission mains, and distribution systems, and any other structures or tangible property used by Seller in connection with its water system operations.
- 2.1.19 Inventory: Goods that are held by Seller as of the Closing for the

treatment of water or otherwise used or consumed in the ordinary course of operating the Business.

- 2.1.20 License: Those rights to use the public rights of way of Navajo County, Arizona granted to Seller, which rights are to be transferred to Buyer at Closing.
- 2.1.21 Opening of Escrow: The date upon which a fully executed copy of this Agreement is delivered to the Escrow Agent.
- 2.1.22 Permitted Encumbrances: All matters of record approved by Buyer during the Feasibility Period with respect to the Real Property.
- 2.1.23 Purchase Price: The Purchase Price for the purchase and sale of the Assets which are the subject of this Agreement shall be One Million Five Hundred Thirty-Six Thousand Dollars (\$1,536,000).
- 2.1.24 Real Property: The real property legally described in Exhibit "H" hereto, including all well sites, storage reservoirs, booster stations, transmission mains and distribution systems located within the Certificated Area, together with all the rights, easements, licenses and appurtenances pertaining thereto, including without limitation, any right, title and interest of Seller in and to adjacent streets, rights of way, and all Improvements located on or appurtenant thereto which are used by Seller in the Business.
- 2.1.25 Records: All of Seller's service agreements, service repair records, water treatment records, hydrology and assured water supply studies and reports (if any), Arizona Department of Water Resources ("ADWR") filings and correspondence, ACC filings and correspondence, Arizona Department of Environmental Quality ("ADEQ") filings and correspondence, customer data base information (including master file information, billing and payment histories, and complaints), meter reading information, and any other documents arising out of or in any way related to the Business of the Assets.
- 2.1.26 Seller: Collectively referred to herein, "Seller" is the Park Valley Water Company, Inc. and the Fools Hollow Water Company, Inc.
- 2.1.27 Title Insurer: Lawyers Title Insurance Corporation.
- 2.1.28 Transfer Instruments: Those instruments customarily required for the transfer of the Assets, including, but not limited to:

- 2.1.28.1 Warranty Deed;
- 2.1.28.2 Assignment of Easements and Property Rights;
- 2.1.28.3 Assignment of Water Rights and Well Registrations;
- 2.1.28.4 Affidavit of Value;
- 2.1.28.5 Foreign Investment in Real Property Tax Act Affidavit;
- 2.1.28.6 Bill of Sale;
- 2.1.28.7 Assignment and Assumption of Contract Rights.

2.1.29 Warranties and Guarantees: Any and all existing warranties and/or guarantees affecting the Improvements, or any features thereof and any personal property located therein or thereon, and any and all existing warranties and/or guarantees affecting the Equipment, which shall be conveyed to Buyer at the Closing.

3. **Conveyance of Assets.** Subject to the terms, conditions and limitations set forth in this Agreement, on the Closing Date, Seller shall sell, assign, transfer, convey, and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller the Assets.

3.1 Deposits and Payments. The Assets include any funds held by Seller as refundable deposits as of Closing for which a refund is not then due, including deposits for water meter installations; provided, however, Seller shall refund all security deposits prior to Closing. With the exception of payments relating to final bills prepared by Seller pursuant to Section 15, all payments for water service received by Seller after Closing shall be assigned to Buyer and shall belong to Buyer and be transmitted to Buyer in a timely manner.

3.2 Equipment, Inventory and Records. Seller shall provide on or before the Closing a Bill of Sale conveying all of Seller's right, title and interest in and to the Assets described in Exhibit A, including all Equipment, Inventory and Records, in the form attached hereto as Exhibit "C". Buyer and Seller agree to execute and deliver such other instruments of conveyance and transfer as may be reasonably requested or necessary to convey and transfer to, and vest the Assets in Buyer.

3.3 Contract Rights; Goodwill; Licenses, Certificates, Warranties and Guarantees. The Contract Rights shall be assigned by Seller and assumed by Buyer, and the Goodwill, Licenses, Certificates, Warranties and Guarantees that are transferable shall be assigned by Seller to Buyer, at Closing by the execution and delivery by Seller and Buyer of the

Assignment and Assumption of Contract Rights. The Assignment and Assumption of Contract Rights shall include a list identifying all Contract Rights assigned to and assumed by Buyer and shall be substantially in the form of Exhibit "I" hereto. Buyer shall not be obligated to assume any contracts not disclosed by Seller and specifically assumed by Buyer prior to Closing, provided, however, Buyer shall assume all Contract Rights associated with conduct of the Business.

- 3.4 Real Property. The Real Property described in Exhibit H shall be conveyed at Closing by the execution and delivery by Seller of the Warranty Deed, together with any required Affidavit of Property Value in the form attached hereto as Exhibit "J", an Assignment of Easements and Property Rights and an Assignment of Water Rights and Well Registrations. The Warranty Deed shall be substantially in the form attached hereto as Exhibit "K". On or prior to the expiration of the Feasibility Period, Seller and Buyer shall use good faith efforts to agree in writing on forms of Assignment and Easements and Property Rights and Assignment of Water Rights and Well Registrations. Seller shall deliver the Real Property at Closing to Buyer subject only to Permitted Encumbrances. Within a reasonable time after Closing, Escrow Agent shall furnish the Buyer with the Title Insurer's Standard Owner's Policy of Title Insurance in the amount of One Million Five Hundred Thirty-Six Thousand Dollars (\$1,536,000), subject only to Permitted Encumbrances (the "Owner's Title Policy"), or with an ALTA Extended Coverage Owner's Policy if so requested and paid for by Buyer.
- 3.5 Expenses. All expenses attributable to the ownership of the Assets, including but not limited to, real and personal property taxes, shall be prorated and apportioned between Buyer and Seller as of Closing, with Buyer being responsible for all such expenses on and after Closing and Seller being responsible for all such expenses prior to Closing.
- 3.6 Escrow. Buyer and Seller shall each pay an equal share of the escrow fee. All other costs and expenses of closing, including recording fees and charges, are to be allocated between Seller and Buyer according to the custom and practice of Escrow Agent in Navajo County.
- 3.7 Limitations. The purchase of the Assets pursuant hereto shall not constitute a purchase of Seller as a corporate entity by Buyer nor render Buyer a successor-in-interest to Seller as to Seller's corporate identity and status. This Agreement is limited to the purchase and sale of the Assets only and Buyer is not assuming any liabilities of Seller with respect to the Assets or the Business that may exist at any time prior to their transfer hereunder unless otherwise specifically set forth herein. Buyer shall have no

obligation of any kind under any contract or obligation assumed by Seller unless disclosed to, and assumed by, Buyer, as provided herein. The provisions of this **Section 3.7** shall survive Closing.

**4. Commitment; Information from Seller; Feasibility Period.**

- 4.1 Delivery of Materials. Delivery of Commitment. Within five (5) days following the Opening of Escrow, the Escrow Agent shall deliver the Commitment to Buyer and Seller together with legible copies of all documents listed as exceptions therein.
- 4.2 Delivery of Other Information. Within ten (10) business days following the Opening of Escrow, Seller shall deliver to Buyer copies of (a) all employment, service, operations, maintenance and supply contracts affecting or pertaining to the Real Property, Equipment, Improvements, Inventory or the Business conducted thereon; (b) the Warranties and Guarantees (if any), together with any related insurance policies or binders; (c) all environmental studies and assessments, and regulatory filings and reports concerning the Assets or the Business, including, but not limited to, ADEQ, ADWR and ACC utility and corporate filings; (d) customer data required by Buyer to establish accounts prior to date of closing; and (e) all similar or relevant information and documentation requested by Buyer or which could reasonably affect or influence Buyer's use of the Assets for the purposes for which they are being acquired.
- 4.3 Feasibility Period. For a period of sixty (60) calendar days beginning upon the Opening of Escrow, Buyer shall have the right to enter upon the Real Property with Buyer's representatives and agents for the purpose of testing, examining and investigating the Assets. Buyer shall have the right during the Feasibility Period to terminate this Agreement if Buyer is dissatisfied, in Buyer's sole and absolute discretion, with the feasibility of the Assets for Buyer's purposes. On or before the expiration of the Feasibility Period, Buyer shall give written notice to Seller and Escrow Agent of its election whether or not to terminate this Agreement. If Buyer elects to terminate this Agreement, Escrow Agent shall return the Earnest Money, all documents deposited in escrow by Buyer to Buyer, and all documents deposited in escrow by Seller to Seller, and this Agreement and the escrow shall terminate. If Buyer elects not to terminate this transaction during the Feasibility Period, the Earnest Money shall become nonrefundable to Buyer and shall be remitted to Seller by Escrow Agent. Buyer's failure to timely give written notice of its election to terminate or not terminate this transaction shall be deemed an election by Buyer not to terminate this

transaction. Seller agrees during the feasibility period not to attempt to sell or actually sell the Assets.

## **5. Earnest Money and Purchase Price**

**5.1 Earnest Money and Purchase Price.** Buyer agrees to pay Seller as the total purchase price for Seller's interest in the Assets, the following sums (the "Purchase Price")

**5.1.1 Earnest Money.** Buyer will deposit the sum of Ten Thousand Dollars (\$10,000.00) (the "Earnest Money") with the Escrow Agent within three (3) business days after the execution of this Agreement by Buyer and Seller. The Earnest Money shall be placed in an interest bearing account, and all interest accruing thereon shall be deemed to increase, and be a part of, such Earnest Money. The Earnest Money shall be disbursed to Seller at Closing provided that all of Seller's obligations herein have been satisfied.

**5.1.2 Final Portion of Purchase Price.** The final portion of the Purchase Price to be paid by Buyer to Seller for the Assets is One Million Five Hundred Twenty-Six Thousand Dollars (\$1,526,000) (the "Final Portion of the Purchase Price"), and shall be paid by Buyer in immediately available United States funds in the form of cash, a confirmed wire transfer of funds or a cashier's or certified check to Escrow Agent on or before Closing for disbursement to Seller, less Seller's share of costs of Closing.

**6. Regulatory and Master Water System Approvals and Conditions to Closing.** Buyer's and Seller's obligations to proceed with Closing under this Agreement are contingent upon: (i) Seller obtaining such approval of the ACC as may be necessary to complete the sale of the Assets to Buyer and extinguish Seller's Certificates (the "Regulatory Approvals"); (ii) Buyer's receipt of the Commitment; (iii) Seller's execution and delivery of the Transfer Instruments; (iv) Seller's and Buyer's payment of their respective closing costs, proratable amounts or any other amounts required to be paid under this Agreement on or before Closing; and (v) the parties' representations and warranties contained in this Agreement being true and correct in all material respects as of Closing. Buyer shall cooperate in all reasonable respects with Seller's effort to obtain the Regulatory Approvals. If (i) the Regulatory Approvals have not been obtained by June 30, 2012, or (ii) the parties do not extend the date of Closing according to the provisions of **Section 11.2** of this Agreement, then the Earnest Money shall be returned to Buyer, and this Agreement shall terminate.

**7. Seller's Representations and Warranties.** Seller hereby represents and warrants to Buyer as follows:

- 7.1 Title. Seller is the owner of, and has good and marketable title to, the personal and Real Property that is a part of the Assets to be conveyed hereunder.
- 7.2 Disclosed Agreements. Except for this Agreement, Seller has entered into no agreement currently in effect to sell the Assets.
- 7.3 Sole Owner. After Closing, Buyer will be the sole owner of the water system(s) known as Park Valley/Fools Hollow. No other person or legal entity has any ownership interest in the water system(s).
- 7.4 ADEQ. To Seller's knowledge, Park Valley/Fools Hollow is in good standing with ADEQ and has filed all reports, water samples and other filings required by state statutes or ADEQ regulations. Seller has not been notified by ADEQ of any pending or other administrative action against or concerning the Assets. Seller shall provide to Buyer all test results submitted to ADEQ and all correspondence to or from ADEQ within twenty (20) days after escrow is opened in order to allow Buyer to conduct due diligence.
- 7.5 Arizona Corporation Commission ("ACC"). To Seller's knowledge, Park Valley/Fools Hollow is in good standing with the ACC and has filed all reports and other filings required by state statutes or ACC regulations. Seller has not been notified by the ACC of any pending or contemplated investigation or other administrative action against or concerning Park Valley/Fools Hollow. Seller agrees to cooperate with the Buyer and with the ACC in obtaining the Regulatory Approvals.
- 7.6 Taxes. To Seller's knowledge, all income tax, property tax and other tax obligations of Park Valley/Fools Hollow are current. Seller has not been notified by any taxing authority of any pending or contemplated investigations or other administrative action against or concerning Park Valley/Fools Hollow.
- 7.7 Liabilities. To the best of Seller's knowledge, there are no liens, judgments, pending or threatened lawsuits, claims, administrative proceedings or other actions against, or that concern or affect Seller or the Assets that would adversely affect this transaction or the title that Buyer will receive, other than those that have been disclosed in writing to Buyer.
- 7.8 Liens. To the best of Seller's knowledge, there are no liens, encumbrances, judgments, security interests, monetary obligations or other matters

affecting Park Valley/Fools Hollow, the Assets or its operations that have not been disclosed to Buyer and will be outstanding at the time of Closing, if any, except Permitted Encumbrances and current real estate taxes which are not yet due and payable.

- 7.9 Labor, Materials. All bills and invoices for labor and materials furnished to or on behalf of the Assets which have been incurred by Seller prior to the time of conveyance and transfer to Buyer, if any, will be paid by Seller prior to or at the time of Closing.
- 7.10 Proceedings. To the best of Seller's knowledge, there are no actions or proceedings by any person or governmental entity or any other facts or circumstances, including any causes of action, lawsuits or claims, whether existing or threatened, which might materially and adversely affect the Assets.
- 7.11 No Breach. To the best of Seller's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement will result (either immediately or after the passage of time and/or the giving of notice) in any breach or default by Seller under any agreement or understanding to which Seller is a party or by which Seller may be bound or which would have an effect upon Seller's ability to fully perform its obligations under this Agreement.
- 7.12 No Bankruptcy. Seller has not (a) made a general assignment for the benefit of creditors, (b) filed any voluntary petition or suffered the filing of any involuntary petition by Seller's creditors, (c) suffered the appointment of a receiver to take all, or substantially all, of Seller's assets, (d) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (e) admitted in writing its inability to pay its debts as they fall due, and no such action is threatened or contemplated.
- 7.13 Regulations. To the best of Seller's knowledge, there are currently no violations of any applicable zoning regulation or ordinance or other law, order, ordinance, rule, regulation or requirement, or of any covenant, condition or restriction affecting or relating to the use or occupancy of the Real Property from any governmental agency having jurisdiction over the Assets or from any other person entitled to enforce the same.
- 7.14 Permits. To the best of Seller's knowledge, Seller has all permits, licenses, authorization and approvals required by law or any governmental agency to conduct the Business.

- 7.15 Condemnation. To the best of Seller's knowledge, there are no pending or threatened condemnations or eminent domain proceedings which would affect the Business or Assets.
- 7.16 Creditors. As of Closing (except for items to be prorated at Closing pursuant to this Agreement), all bills and invoices for goods and services related to or which are a part of the Assets shall be paid; all Creditors shall be paid; all employees (if any) and salaries, wages, bonuses, vacation pay and benefits accrued up to the date of Closing shall be paid; all withholdings, payroll taxes, unemployment insurance, worker's compensation benefits, and all other similar payments shall be paid current to the date of Closing; and no claims by Creditors shall exist which may encumber the Assets.
- 7.17 Organization. Seller has been duly formed and presently exists as an Arizona public service corporation, and subject to receipt of the Regulatory Approvals, has the full right and authority to enter into this Agreement, to consummate the sale of the Assets contemplated herein and to observe and perform all of its covenants and obligations hereunder. The persons executing this Agreement and any other document required hereby have full authority to act on behalf of and to bind the Seller in and to the obligations imposed on it by this Agreement.
- 7.18 Commissions. Seller has made no agreements respecting commissions or brokerage fees in connection herewith. Seller shall indemnify Buyer for any claims of commission through Seller. This indemnification provision shall survive Closing.
- 7.19 Environmental Regulations. To the best of Seller's knowledge, the Assets to be conveyed hereunder are in compliance with all current applicable environmental, health and safety laws and regulations.
- 7.20 Hazardous Materials. Seller has not dumped, buried or released or otherwise disposed of any hazardous materials or environmental pollutants on the Real Property. Seller knows of no dumping, burial, release or other disposal of hazardous materials or other environmental pollutants on the Real Property. Seller is not aware of any environmental problems that may affect the well sites, quality of water or service or delivery of water to Seller's customers.
- 7.21 Independent Advice. Seller has obtained all such independent legal, accounting and other advice as Seller has deemed necessary and appropriate in connection with this transaction. Seller understands that Buyer has no obligation and shall have no liability to Seller for any legal,

tax or other consequences to Seller arising out of this transaction other than a breach by Buyer of any provision of this Agreement.

- 7.22 Insurance Coverage. Seller carries, and has for the four (4) years immediately preceding the date of this Agreement carried, what it believes to be a commercially reasonable liability insurance policy on an occurrence basis. Such insurance shall be maintained in full force and effect through Closing.
- 7.23 ACC Filings. To the best of Seller's knowledge, there are no material inaccuracies in the information contained in the latest Annual Report filed by Seller with the Utilities Division of the ACC.
- 7.24 Annual Regulatory Assessments. Seller agrees and acknowledges that it shall be responsible for and pay all accrued and or payable ACC and RUCO Annual Regulatory Assessments due at or prior to Closing.
- 7.25 Sufficiency and Adequacy. To the best of Seller's knowledge, the Real Property to be conveyed pursuant hereto is adequate and sufficient to permit Buyer to operate the Business in its usual and customary manner, and all Improvements located within the Real Property are to be conveyed to Buyer pursuant hereto.
- 7.26 Maintenance of Assets. Seller agrees to maintain the Assets in their current condition, ordinary wear excepted, to the date of Closing. Furthermore, Seller agrees that, from the effective date of this Agreement through Closing, Seller shall consult with Buyer and take all reasonable steps to ensure that any infrastructure built or approved during such period conforms with Buyer's construction standards. To Seller's knowledge, all of the Assets are installed in a manner that will allow them to function properly and such installation is in compliance with all applicable laws, rules and regulations.
- 7.27 Accuracy of Representations and Warranties. None of the foregoing representations and warranties of Seller contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except for any breach of such warranties and representations with respect to which Buyer has commenced an action against Seller prior to the expiration of such one (1) year period.

**8. Buyer's Representations and Warranties.** Buyer hereby represents and warrants to Seller as follows:

- 8.1 Authority. Buyer has been duly formed and presently exists as a Municipal Corporation under the laws of the state of Arizona, and the entering into of this Agreement and the performance of Buyer's obligations hereunder have been duly authorized by all proper and necessary official actions, and do not violate any applicable governmental statute, rule, regulation, ordinance, contract or other restriction. All actions required by law for this Agreement to be a valid and binding obligation of Buyer have been taken or will have been taken as of Closing. The person executing this Agreement and any other documents required hereby has full authority to act on behalf of and to bind Buyer in and to the obligations imposed on it by this Agreement.
- 8.2 Service of Customers. Buyer agrees to provide a continuous adequate and reliable municipal water supply to all individuals and entities served by Park Valley/Fools Hollow, subject to all applicable laws, rules and regulations as well as the payment of all applicable fees by such individuals and entities. Any excess water capacity not needed to satisfy the foregoing service commitment may be used anywhere in Buyer's municipal water system for any lawful purpose.
- 8.3 Independent Advice. Buyer has obtained all such independent legal, accounting and other advice as Buyer has deemed necessary and appropriate in connection with this transaction. Buyer understands that Seller has no obligation and shall have no liability to Buyer for any legal, tax or other consequences to Buyer arising out of this transaction other than a breach by Seller of any provision of this agreement.
- 8.4 Inspection. Buyer has inspected and has determined that all of the Assets are installed in a manner that will allow them to function properly and the installation is compliant with all applicable local, state and federal laws, rules and regulations.
- 8.5 Commissions. Buyer has made no agreements respecting commissions or brokerage fees in connection herewith. Buyer shall indemnify Seller for any claims of commission through Buyer. This indemnification provision shall survive Closing.
- 8.6 Seller's Access to Records. Buyer acknowledges that the records to be transferred to Buyer will contain information that may be needed by Seller from time to time. Buyer therefore agrees that Seller will have the right to reasonable access to such information during regular business hours after Closing, including the right to make copies of such documents as Seller

may need.

- 8.7** Accuracy of Representations and Warranties. None of the representations and warranties of Buyer contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except with respect to any breach of such warranties and representations for which Seller has commenced an action against Buyer prior to the expiration of such one (1) year period.

**9. Conditions Precedent.**

Buyer has obtained an appraisal and economic analysis which has been delivered to Seller. Before Buyer can proceed to purchase the system, Buyer will need to obtain Arizona Water Infrastructure Financing Authority (WIFA) funding to finance the purchase of the Assets at the Purchase Price. Pursuant to Section 4.3 of this Agreement, Buyer shall have the option to cancel this Agreement if Buyer cannot obtain financing from WIFA. If the cancellation occurs during the Feasibility Period provided for in Section 4.3 then Buyer will not forfeit the Earnest Money deposit; however, in the event that the cancellation occurs outside of the Feasibility Period then (i) Buyer shall forfeit the Earnest Money to Seller, and (ii) Buyer will be responsible for all costs if it cancels this Agreement. In the event that Buyer is prepared to proceed to Closing and Seller elects for any reason to withdraw from the transaction, Seller shall reimburse Buyer the actual costs incurred by Buyer in connection with the aforesaid appraisal and economic analysis.

The City Council for the City of Show Low shall have adopted a resolution approving this Agreement no later than December 6, 2011.

- 9.1** The Board of Directors for Seller shall have adopted a resolution approving this Agreement no later than December 6, 2011.

**10. Conditions to Closing.**

**10.1** Closing Documents.

- 10.1.1** Seller's Deposits. Prior to Closing, Seller shall deposit with Escrow Agent for delivery to Buyer the following:

- 10.1.1.1** The Warranty Deed required by this Agreement substantially in the form set forth in Exhibit "K" hereto.
- 10.1.1.2** The form of Certificate re RUCO and ACC Assessments,

substantially in the form set forth in Exhibit "L" hereto.

**10.1.1.3** The general assignment of water rights substantially in the form set forth in Exhibit "M" hereto.

**10.1.1.4** Any other documents or instruments required by this Agreement, including Regulatory Approvals.

**10.1.1.5** Any other instruments necessary to or reasonably required by Buyer or Escrow Agent to effectuate the transaction contemplated herein.

**10.1.2** Buyer's Deposits. Prior to Closing, Buyer shall deposit with Escrow Agent for delivery to Seller the following:

**10.1.2.1** The Final Portion of the Purchase Price in immediately available United States funds, pursuant to Section 5.12 above.

**10.1.2.2** Any other instruments necessary to or reasonably required by Seller or Escrow Agent to effectuate the transaction contemplated herein.

**10.2** The Closing of this transaction shall occur no later than sixty (60) business days after obtaining all Regulatory Approvals and a written decision from the Arizona Corporation Commission, but in no event later than June 30, 2012. Notwithstanding the foregoing, Seller and Buyer may agree to mutually extend the Closing date until such later time by executing and delivering a written instrument to Escrow Agent setting a new date for Closing. The actual date of Closing shall be the date upon which all conditions specified in Section 1.1.10 have been satisfied and shall also be the new date for proration.

**10.3** Prorations. All current real estate taxes against the Real Property shall be prorated as of 12:01 a.m. on the date of Closing. As a municipal corporation, Buyer is exempt from the payment of real estate taxes. Any errors in the proration resulting in a deficit in the payment of taxes through Closing shall thereafter remain the obligation of Seller. Any delinquent taxes, penalties and interest thereon for the Property shall be paid by Seller on or before Closing.

**10.4** Assessments. All current assessments, both principal and interest, against the Real Property shall be prorated as of 12:01 a.m. on the date of Closing. Seller shall pay any delinquent amounts on or before Closing.

**10.5** Other.

**10.5.1** Seller shall transfer its water utility operations and the Assets to

Buyer as of Closing. Pursuant to Section 3.1, prior to Closing refundable security deposits, if any, shall be refunded by Seller as and when due. Buyer shall make its own utility deposit arrangements as to new customers acquired after Closing. All water meter deposits existing at the time of closing will be refunded by Buyer.

- 10.5.2** Any maintenance contracts for services, supplies or Equipment as listed on Exhibit "N" hereto, as approved by Buyer in writing, shall be prorated as of Closing.
- 10.5.3** Leases for Equipment (including vehicles if any) or premises shall be prorated as of Closing.
- 10.5.4** Any Aid in Construction Agreements held by Seller, refunds of which are not due as of Closing, shall be transferred to Buyer together with the associated future refund responsibility as outlined in Exhibit B.
- 10.5.5** Personal property tax shall be prorated as of Closing. As a municipal corporation, Buyer is exempt from the payment of personal property taxes.
- 10.6** Escrow Agent shall have provided Buyer the Commitment, showing that Seller has good marketable title to the real property being acquired by Buyer and that the property is free and clear of any liens or encumbrances. Any exceptions must be approved by the Buyer in writing. Buyer shall not object to any reservations or exceptions for property taxes and other assessments constituting liens but which are not yet due or delinquent, to easements for utilities, rights-of-way or drainage, or to covenants, conditions or restrictions, except to the extent that any of the foregoing would unreasonably affect the operation of the water system.
- 10.7** Seller shall have identified, with reasonable accuracy, the location of all water lines that are a part of the water system being acquired. For any and all water lines across or under real property not owned or controlled by Seller as to which Seller has obtained written easements as of Closing, Seller will execute and deliver to Escrow Agent, in a recordable form satisfactory to Buyer, assignments naming Buyer as grantee (together with the easement itself, if it has not been recorded). Seller shall also assign pursuant to this Agreement any rights to prescriptive easements that it may have.
- 10.8** Seller shall assign all well registrations and all water rights claims subject to the Little Colorado River Stream Adjudication which are associated with

the Assets, if any. Seller agrees to cooperate in good faith, after Closing, in the execution of any additional documents necessary to accomplish the aforesaid assignment of such registrations and claims.

- 10.9 Consistent with applicable privacy laws, Seller shall provide to Buyer a full and complete list of Seller's customers with addresses and any other documentation needed to enable Buyer to continue to operate the water system and provide ongoing adequate and reliable water service to Seller's customers.
- 10.10 Buyer shall have delivered to Escrow Agent funds for the total Purchase Price.
- 10.11 Escrow Agent shall cause to be issued or shall be committed to issue on behalf of Title Company a standard owner's policy of title insurance, with liability in the amount of that portion of the Purchase Price relating to the Real Property, and showing title vested in the Buyer free of encumbrances. Seller shall be responsible for the premium for the standard owner's policy of title insurance.
- 10.12 Seller shall ensure that any lien holder shall release any lien on the Assets.
- 10.13 Seller shall be entitled to all payments from current customers for current or delinquent accounts as of Closing. Buyer is entitled to all payments from customers for current or delinquent accounts after Closing.
- 10.14 Seller shall be responsible for paying all utility bills (electricity, phone, etc.) for usage through Closing.
- 10.15 This transaction shall be approved in writing by the ACC pursuant to A.R.S. 40-285.

#### **11. Indemnification.**

- 11.1 By Buyer. Buyer hereby agrees to indemnify Seller against, and to hold Seller harmless from and against any and all actions, suits, proceedings, demands, assessments, judgments, claims, damages, costs and expenses, including without limitation legal fees, court costs and disbursements, incurred by Seller relating to (i) the Assets or Business and arising from acts, occurrences or matters that occur from and after Closing, and (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any obligation under this Agreement on the part of Buyer.
- 11.2 By Seller. Seller hereby agrees to indemnify Buyer against, and to hold Buyer harmless from and against any and all actions, suits, proceedings, demands, assessments, judgments, claims, damages, costs and expenses,

including without limitation legal fees, court costs and disbursements, incurred by Buyer relating to (i) the Assets or Business and arising from acts, occurrences, matters or the use and operation of the Assets occur place prior to Closing, or (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any obligation under this Agreement on the part of the Seller.

## **12. Risk of Loss.**

**12.1** Prior to Closing. The risk of loss for damage by fire or other casualty, or the taking by eminent domain, until Closing, shall remain the responsibility of Seller. Upon the occurrence of any material loss within ten (10) business days after notification thereof, Buyer may elect in writing to terminate this Agreement or close the sale. If an election to terminate the Agreement is made, any money on deposit shall be returned to Buyer with accrued interest thereon and this Agreement shall thereupon become null and void. In the alternative, if an election to proceed with Closing is made by Buyer, any insurance proceeds and/or condemnation award in connection with the loss shall be given to Buyer, but there shall be no adjustment to the Purchase Price.

**12.2** After Closing. The risk of loss or damage by fire or other casualty, or other taking by eminent domain, shall be assumed by and be the responsibility of Buyer from and after Closing.

## **13. Default.**

### **13.1** Seller's Default.

**13.1.1** Non-Monetary Default. For the purposes of this **Section 14** a "Non-Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance when that failure is the result of any action by a third party encumbering the Assets, by creating a cloud on the title of Seller's ownership status which is not practicably susceptible to financial satisfaction prior to Closing, and such encumbrance did not exist when the Commitment was received by Buyer.

**13.1.2** Monetary Default. For the purpose of this **Section 14**, a "Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance, when that failure is a result of a monetary lien or encumbrance upon the Assets, which lien or encumbrance was not disclosed in the Commitment when received by Buyer, and which can be cured by the application of a portion of the Closing proceeds.

- 13.1.3**     Seller's Willful Refusal. For the purpose of this **Section 14**, "Seller's Willful Refusal" shall mean the wrongful failure of Seller to close this transaction for reasons within Seller's control, after Buyer has tendered full performance.
- 13.1.4**     Remedies. In the event of a default by Seller, Buyer's remedies shall be as follows:
- 13.1.4.1**     In the event of a Non-Monetary Default, Buyer shall have ten (10) business days following such default in which to elect in writing to terminate this Agreement or waive the Non-Monetary Default and close this transaction. In the event Buyer elects to terminate this Agreement, this Agreement shall thereupon be null and void and the Earnest Money shall be immediately returned to the Buyer, together with any interest earned thereon. If Buyer elects to waive the Non-Monetary Default and close the transaction, the Closing shall occur within ten (10) business days after Buyer's written notice to close. There shall be no adjustment in the Purchase Price and Buyer shall accept whatever title Seller may be able to convey.
- 13.1.4.2**     In the event of a Monetary Default, the Escrow Agent is hereby instructed to withhold from Seller's proceeds from the Closing an amount to be agreed upon by Seller and Buyer to cure the Monetary Default.
- 13.1.4.3**     In the event of Seller's Willful Refusal, then Buyer shall be entitled to pursue its legal and equitable remedies as they may be available at law, including specific performance.
- 13.2**     Buyer's Default. In the event Buyer fails to close this transaction after Seller has tendered full performance and all conditions to Buyer's obligations to close have been satisfied, (i) Seller shall be entitled to immediately receive the Earnest Money from the Escrow Agent as liquidated damages (and not as a penalty) for a portion of its damages incurred as a result of Buyer's default and (ii) Seller may in addition pursue all other rights and remedies at law and in equity, including specific performance. The parties specifically agree that the provisions of A.R.S. Section 33-741, et seq. shall not apply to this Agreement.

terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and Seller and Buyer hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of the Agreement, including (without limitation) any rule of law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the party whose attorney prepared the executed draft or any earlier draft thereof. The Rule of Strict Construction shall not be used to interpret this Agreement, but rather this Agreement shall be construed to provide each party with the benefit of the bargain it as struck with the other party.

- 15.3 If either party is in default or breach of the terms of this Agreement, including the representations and warranties set forth herein, the other party may seek specific performance of this Agreement, damages, rescission, or any other remedy or relief available in equity or at law.
- 15.4 Each of the parties hereto represents and warrants to each other party hereto that this Agreement has been duly authorized by all necessary action and that this Agreement constitutes and will constitute a binding obligation of each such party.
- 15.5 Each party hereto agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Agreement.
- 15.6 Time is of the essence of this Agreement and each and every provision hereof. However, if any action is required to be taken on a Saturday, Sunday or legal holiday, the action shall be deemed timely taken if it is taken on the next regular business day. Any extension of time granted for the performance of any duty under this Agreement shall not be considered an extension of time for the performance of any other duty under this Agreement; and, the parties' agreement to any such extension shall be reduced to writing.
- 15.7 All recitals, schedules and exhibits to this Agreement are fully incorporated herein and as though set forth at length herein.
- 15.8 This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs and personal representatives. Neither Buyer nor Seller shall assign this Agreement without the express prior written consent of the other party.
- 15.9 This Agreement constitutes the entire agreement between the parties,

#### **14. Meter Readings and Billings.**

##### **14.1 Meter Readings.**

- 14.1.1** Seller shall use its best effort to read all customer meters on the date of Closing, but in any event, all meters will be read within five (5) days after Closing (the "Final Reading").
- 14.1.2** Seller shall continue to bill in its usual sequence for water usage prior to Closing and may, at its option, delay its usual billing sequence to coincide with the Final Reading.
- 14.1.3** Seller shall bill for all services provided prior to the Final Reading at Seller's ACC-approved rates and charges. Buyer shall bill for all services provided after the Final Reading at Buyer's rates.
- 14.1.4** Buyer shall collect all payments for billings for services provided prior to the Final Reading and remit same to Seller for a period of thirty(30) days following final billing. Buyer will remit two payments to Seller of receipted payments. All receipts received within the first fifteen (15) days will be remitted within twenty (20) days of receipt thereof, remaining payments received within thirty (30) days following final billing will be remitted with a final payment from Buyer to Seller within forty-five (45) days of final billing. Any outstanding balances due to Seller after thirty (30) days shall be assigned to Buyer with the Assignment of Debt, attached hereto as exhibit O.

#### **15. General.**

- 15.1** Any notice that may be required under this Agreement shall be provided in writing and shall have an effective date as of (i) the date of physical delivery or (ii) five (5) calendar days after mailing or (iii) upon verified receipt of certified mail or registered mail return receipt requested, to the addresses set forth below or such other addresses as may hereafter be provided by the parties in writing:

City of Show Low	Park Valley/Fools Hollow Water Company, Inc.
Attn: City Manager	Attn: Victoria McCarty
550 N. 9 <sup>th</sup> Place	PO Box 487
Show Low, AZ 85901	Show Low, AZ 85901

- 15.2** The terms and provisions of this Agreement represent the results of negotiations between Seller and Buyer, each of which as been represented by counsel of its own choosing and none of which have acted under duress or compulsion, whether legal, economic or otherwise. Consequently, the

including any prior oral expressions or statements. This Agreement contains all the agreements and understandings of the parties. It supersedes any prior oral understandings or agreements, and can only be changed or terminated in writing. This Agreement may be amended at any time by mutual agreement of both parties, provided that before any amendment shall be operative, it must be reduced to writing and signed by both parties.

- 15.10** In any suit brought by either party to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.
- 15.11** The validity, construction, and effect of this Agreement shall be governed by the laws of the state of Arizona without regard to conflict of law principles.
- 15.12** The parties agree that any suit, action or proceeding arising out of this agreement may be submitted to the jurisdiction (both personal and subject matter) of the Arizona Superior Court and that proper venue for such suit, action or proceeding shall be Navajo County.
- 15.13** If any one or more of the provisions of this Agreement shall be held invalid or unenforceable, the validity and enforceability of all other provisions of this Agreement shall not be affected.
- 15.14** Pursuant to A.R.S. Section 38-511, Buyer may cancel this Agreement within three (3) years after its execution, without penalty or further obligations, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of Buyer is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of Seller in any capacity or a consultant to Seller with respect to the subject matter of the Agreement.
- 15.15** The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.
- 15.16** Each party represents and warrants to the other that it has not engaged or dealt with any broker or any other person who would be entitled to any brokerage commission concerning this sale and purchase of the Assets.
- 15.17** This Agreement shall not be assignable or otherwise transferable by any party hereto without the prior written consent of the other party, which consent shall not be unreasonably withheld.
- 15.18** All representations, warranties and covenants shall survive Closing.

16. Covenant as to Conflict of Interest.

Section 38-511, Arizona Revised Statutes, as amended, provides that City may, within three years after its execution, cancel any contract (including this Agreement), without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract (including in the case of this Agreement, Seller) in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City from any other party to the contract arising as a result of the contract.

17. Additional Commitments by Seller.

17.1 Between the date of this Agreement and Closing, and to the extent applicable under Section 41-440, Arizona Revised Statutes, as amended, Seller shall comply with all federal immigration laws and regulations that relate to its employees, if any, and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by Seller of the foregoing shall be deemed a material breach hereof and may result in the termination of this Agreement. Buyer retains the legal right to inspect the papers and records of Seller to ensure that Seller is complying with the above-mentioned warranty. Seller shall keep such papers and records open for inspection during normal business hours by Buyer. Seller shall cooperate with the inspections by Buyer including granting Buyer entry rights onto its property to perform such inspections and, to the extent required by law, waiving its respective rights to keep such papers and records confidential.

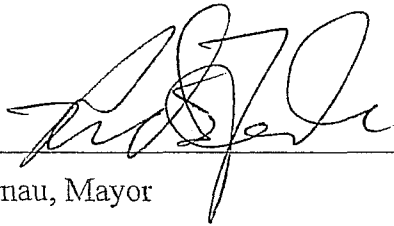
17.2 Pursuant to Sections 35-391.06 and 35-393.06, Arizona Revised Statutes, as amended, between the date of this Agreement and Closing, Seller does and shall not have a scrutinized business operation in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in Section 35-391 and 35-393, Arizona Revised Statutes, as amended, as applicable. If Buyer determines that Seller submitted a false certification, Buyer may impose remedies as provided by law including terminating this Agreement.

IN WITNESS WHEREOF, the parties have entered this Agreement effective as of the date first set forth above.

CITY OF SHOW LOW

PARK VALLEY WATER COMPANY,  
INC.

By



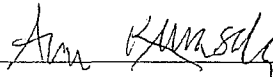
Rick Fernau, Mayor

FOOLS HOLLOW WATER  
COMPANY, INC.

By

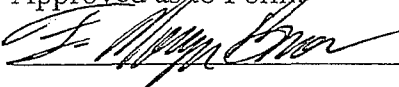
Victoria McCarty, President

Attested by:



Ann Kurasaki, Clerk

Approved as to Form:



F. Morgan Brown, City Attorney

Approved as to Form:

Lawrence V. Robertson, Jr., Attorney for  
Park Valley Water Company, Inc. and  
Fools Hollow Water Company, Inc.

IN WITNESS WHEREOF, the parties have entered this Agreement effective as of the date first set forth above.

CITY OF SHOW LOW

PARK VALLEY WATER COMPANY,  
INC.

FOOLS HOLLOW WATER  
COMPANY, INC.

By \_\_\_\_\_  
Rick Fernau, Mayor

By Victoria McCarty  
Victoria McCarty, President

Attested by: \_\_\_\_\_  
Ann Kurasaki, Clerk

Approved as to Form:

\_\_\_\_\_  
F. Morgan Brown, City Attorney

Approved as to Form:

Lawrence V. Robertson, Jr.  
Lawrence V. Robertson, Jr., Attorney for  
Park Valley Water Company, Inc. and  
Fools Hollow Water Company, Inc.



**Exhibit A**  
**List of Assets**

1-Continental Billing Software

**Exhibit B**

**Aid in Construction Agreements**

**Exhibit C**

BILL OF SALE

THIS BILL OF SALE ("**Bill of Sale**") is made this \_\_\_\_ day of \_\_\_\_\_, 2012 by Park Valley/Fools Hollow Water Company, Inc. ("**Seller**"), in favor of The City of Show Low, an Arizona Municipal Corporation ("**Purchaser**").

WITNESSETH:

WHEREAS, Seller and Purchaser entered into that certain Asset Purchase and Sale Agreement dated as of \_\_\_\_\_, 2011 ("**Agreement**") with respect to the sale of certain the Assets identified on Exhibit A to the Agreement. Any term with its initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Contract.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Purchaser all of the tangible personal property listed on the attached Exhibit A (the "**Property**").

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Purchaser and Seller.

This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of Arizona.

[Seller]

By:

By: \_\_\_\_\_  
Victoria McCarty, President

Exhibit "A" to Bill of Sale

List of Property

Exhibit D  
Certificates of Convenience and Necessity

Exhibit E  
Certificated Area

Exhibit F  
Service Area Map

Exhibit G  
List of Equipment

Exhibit H  
Description of Real Property

Exhibit I  
Assignment and Assumption of Contract Rights

Exhibit J  
Affidavit of Property Value

Exhibit K  
Warranty Deed

When recorded, please  
return to:  
City of Show Low  
Attn: City Manager  
550 N. 9<sup>th</sup> Place  
Show Low, AZ 85901

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That Park Valley Water Company, Inc., Grantor, in consideration of the sum of Ten and 00/100 Dollars (\$10.00), and other valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the City of Show Low, an Arizona municipal corporation, Grantee, all right, title, and interest in and to the following described real property and premises situated in Navajo County, Arizona, to-wit:

together with all and singular tenements, improvements, hereditaments, and appurtenances thereon and thereunto belonging or in any wise appertaining, and warrant the title to the same.

TO HAVE AND TO HOLD said described premises unto the said Grantees, their successors and assigns forever, free and clear and discharged of and from all former grants, charges, taxes, judgments, mortgages, and other liens and encumbrances of whatsoever nature.

SIGNED and DELIVERED this \_\_\_\_ day of \_\_\_\_\_, 2012.

PARK VALLEY WATER COMPANY, INC.

By \_\_\_\_\_

VICTORIA MCCARTY, PRESIDENT

STATE OF ARIZONA     )  
                                      ) ss  
County of Navajo        )

Acknowledgment. On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, a notary public, personally appeared: Victoria McCarty known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

Warranty Deed

When recorded, please  
return to:  
City of Show Low  
Attn: City Manager  
550 N. 9<sup>th</sup> Place  
Show Low, AZ 85901

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That Fools Hollow Water Company, Inc., Grantor, in consideration of the sum of Ten and 00/100 Dollars (\$10.00), and other valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the City of Show Low, an Arizona municipal corporation, Grantee, all right, title, and interest in and to the following described real property and premises situated in Navajo County, Arizona, to-wit:

together with all and singular tenements, improvements, hereditaments, and appurtenances thereon and thereunto belonging or in any wise appertaining, and warrant the title to the same.

TO HAVE AND TO HOLD said described premises unto the said Grantees, their successors and assigns forever, free and clear and discharged of and from all former grants, charges, taxes, judgments, mortgages, and other liens and encumbrances of whatsoever nature.

SIGNED and DELIVERED this \_\_\_\_ day of \_\_\_\_\_, 2012.

FOOLS HOLLOW WATER COMPANY, INC.

By \_\_\_\_\_  
VICTORIA MCCARTY, PRESIDENT

STATE OF ARIZONA     )  
                                  ) ss  
County of Navajo        )

Acknowledgment. On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, a notary public, personally appeared: Victoria McCarty known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

Exhibit L

## Certificate of RUCO and ACC Assessments

Exhibit M

Assignment of Water Rights

When Recorded, Return to:

David A. Brown  
Brown & Brown Law Offices, P.C.  
Post Office Box 1890  
St. Johns, Arizona 85936

ASSIGNMENT OF INTEREST IN WATER RIGHTS

PARK VALLEY WATER COMPANY, INC., an Arizona Corporation, (hereinafter referred to as "ASSIGNOR"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HEREBY ASSIGNS AND TRANSFERS to THE CITY OF SHOW LOW, an Arizona municipal corporation, all right, title and interest in and to the water rights appurtenant to the real property and leasehold estates described in Exhibit "A" and to the water rights used to service any customers of ASSIGNOR. ("the Water Rights").

The Water Rights include all rights, titles and interest in and to (1) all water uses associated with the real property and leasehold estates described in Exhibit "A" and, regardless of whether those water uses were registered with the State of Arizona, certificated in state water right filings, or claimed in *The General Adjudication of the Little Colorado River System and Source*, Apache County Superior Court No. 6417 ("the Adjudication"); (2) all certificates, registrations, claims, affidavits, notices and Adjudication claims for the water supplies and uses associated with the real property and leasehold estates described in Exhibit "A"; (3) all water uses used or useful in servicing any customers of ASSIGNOR; and (4) all equipment and improvements related to the water sources and uses.

ASSIGNOR has the full legal right and authority to execute this assignment and to transfer all Water Rights described herein.

ASSIGNOR agrees to execute such further documents as may be required to implement the transfer of the Water Rights.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Victoria McCarty, President,  
Park Valley Water Company Inc.

STATE OF ARIZONA     )  
  ) ss  
COUNTY OF \_\_\_\_\_)

The foregoing Assignment and Certification was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2012, by \_\_\_\_\_.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

Exhibit A-would be Exhibit H to main agreement

## Assignment of Water Rights

When Recorded, Return to:

David A. Brown  
Brown & Brown Law Offices, P.C.  
Post Office Box 1890  
St. Johns, Arizona 85936

### ASSIGNMENT OF INTEREST IN WATER RIGHTS

FOOLS HOLLOW WATER COMPANY, INC., an Arizona Corporation, (hereinafter referred to as "ASSIGNOR"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HEREBY ASSIGNS AND TRANSFERS to THE CITY OF SHOW LOW, an Arizona municipal corporation, all right, title and interest in and to the water rights appurtenant to the real property and leasehold estates described in Exhibit "A" and to the water rights used to service any customers of ASSIGNOR. ("the Water Rights").

The Water Rights include all rights, titles and interest in and to (1) all water uses associated with the real property and leasehold estates described in Exhibit "A" and, regardless of whether those water uses were registered with the State of Arizona, certificated in state water right filings, or claimed in *The General Adjudication of the Little Colorado River System and Source*, Apache County Superior Court No. 6417 ("the Adjudication"); (2) all certificates, registrations, claims, affidavits, notices and Adjudication claims for the water supplies and uses associated with the real property and leasehold estates described in Exhibit "A"; (3) all water uses used or useful in servicing any customers of ASSIGNOR; and (4) all equipment and improvements related to the water sources and uses.

ASSIGNOR has the full legal right and authority to execute this assignment and to transfer all Water Rights described herein.

ASSIGNOR agrees to execute such further documents as may be required to implement the transfer of the Water Rights.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Victoria McCarty, President,  
Fools Hollow Water Company Inc.

STATE OF ARIZONA     )  
                                  ) ss  
COUNTY OF \_\_\_\_\_)

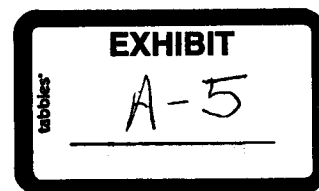
The foregoing Assignment and Certification was acknowledged before me  
this \_\_\_\_ day of \_\_\_\_\_, 2012, by \_\_\_\_\_.

My commission expires:

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Exhibit A-would by Exhibit H to main agreement

Exhibit N  
Maintenance Contracts



**Exhibit A-5**  
**Victoria McCarty**

**First Amendment to**  
**Asset Purchase Agreement**

**June 11, 2012 ACC Hearing**  
**Park Valley Water Company, Inc.**  
**Fools Hollow Water Company, Inc.**  
**Docket Nos. W-01653A-12-0043**  
**and W-02042A-12-0062**

**FIRST AMENDMENT  
OF  
ASSET PURCHASE AND SALE AGREEMENT**

**RECITALS**

WHEREAS, Park Valley Water Company, Inc. and Fools Hollow Water Company, Inc. ("Seller") and the City of Show Low ("Buyer") have heretofore entered into an Asset Purchase and Sale Agreement ("Agreement"), dated December 6, 2011; and,

WHEREAS, Section 10.2 of the Agreement provides that the transaction which is the subject thereof shall close no later than June 30, 2012; and,

WHEREAS, the transaction which is the subject of the Agreement cannot be closed prior to the Arizona Corporation Commission's approval thereof, which approval is unlikely to be forthcoming by June 30, 2012; and,

WHEREAS, Seller and Buyer continue to be desirous of closing the transaction which is the subject of the Agreement; and,

WHEREAS, Section 10.2 of the Agreement provides that the date for Closing the transaction may be extended by mutual agreement of the parties.

NOW, THEREFORE, as of this 5th day of June 2012, it is agreed as follows:

**AGREEMENT**

Section 10.2 of the aforesaid December 6, 2011 Asset Purchase and Sale Agreement is amended to provide that the Closing of the transaction which is the subject thereof shall occur no later than September 30, 2012, unless further extended by mutual agreement of Seller and Buyer.

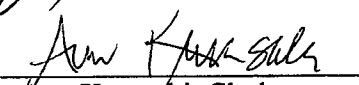
IN WITNESS WHEREOF, the parties have executed this First Amendment of Asset Purchase and Sale Agreement effective as of the date first set forth above.

CITY OF SHOW LOW

By

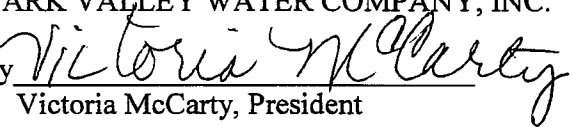
  
Daryl Seymore, Mayor

Attested by:

  
Ann Kurasaki, Clerk

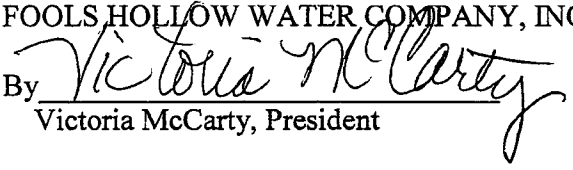
PARK VALLEY WATER COMPANY, INC.

By

  
Victoria McCarty, President

FOOLS HOLLOW WATER COMPANY, INC.

By

  
Victoria McCarty, President

Approved as to Form:

F. Morgan Brown  
F. Morgan Brown, City Attorney

Approved as to Form:

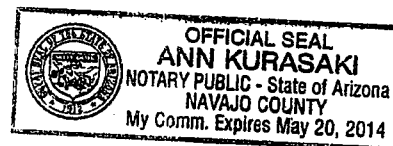
Lawrence V. Robertson, Jr.  
Lawrence V. Robertson, Jr.,  
Attorney for Park Valley Water Company, Inc.  
and Fools Hollow Water Company, Inc.

STATE OF ARIZONA       )  
                                      ) ss  
County of Navajo        )

Acknowledgment. On this 5th day of June, 2012, before me, a notary public, personally appeared: Victoria McCarty known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that she executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Ann Kurasaki  
Notary Public

My commission expires: May 20, 2014

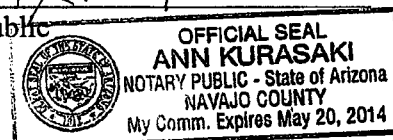


STATE OF ARIZONA       )  
                                      ) ss  
County of Navajo        )

Acknowledgment. On this 5th day of June, 2012, before me, a notary public, personally appeared: Daryl Seymore, Mayor, City of Show Low known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Ann Kurasaki  
Notary Public

My commission expires: May 20, 2014



c:\users\angela\documents\larry\park valley water company\asset sale\first amendment to apa.doc

**EXHIBIT**

tabbles

A-6

**Exhibit A-6  
Victoria McCarty**

**Pages 2-3 of May 16, 2012 ACC Staff  
Report**

**June 11, 2012 ACC Hearing  
Park Valley Water Company, Inc.  
Fools Hollow Water Company, Inc.  
Docket Nos. W-01653A-12-0043  
and W-02042A-12-0062**

Park Valley and Fools Hollow (1) have the same ownership; (2) are physically adjacent to one another and interconnected with one another; and (3) are operated as one water system pursuant to an October 15, 1986, Approval to Operate issued by the Arizona Department of Health Services. As such, the Companies reached an agreement with Show Low on the substantive provisions of an Asset Purchase and Sale Agreement ("Agreement" or "Purchase Agreement") in November of 2011. The Agreement was executed by the President of PVWC and FHWC on December 2, 2011, and by the Mayor of Show Low on December 6, 2011, following unanimous approval of the Agreement by the Show Low City Council on December 6, 2011.

The application indicates that Show Low has access to means for financing of the water system and for infrastructure additions and capital improvements which are not available to Park Valley and Fools Hollow, and Show Low would be in a better position to accommodate future growth in PVWC's and FHWC's certificated water service areas. Also, Park Valley and Fools Hollow are owned by a Trust with 12 beneficiaries who are now desirous of relieving themselves of the responsibilities of owning and operating a water utility.

Park Valley and Fools Hollow indicate the sale/transfer to Show Low and the cancellation of the CC&N would be consistent with the public interest. PVWC and FHWC feel that such a transaction would not have an adverse impact on the level and quality of service that the Company currently provides to its customers.

#### **THE ASSET PURCHASE AGREEMENT**

As indicated above, a Purchase Agreement between Park Valley, Fools Hollow, and Show Low was executed on December 6, 2011. The main provisions of the purchase agreement are as follows:

1. The City is to provide a continuous, adequate and reliable municipal water supply to all individuals and entities served by Park Valley and Fools Hollow.
2. The total price for the purchase and sale of Pineview's assets is \$1,536,000. The Agreement requires PVWC and FHWC to deposit \$10,000 as Earnest Money with the Escrow Agent and to pay the final portion of \$1,526,000 on or before closing.
3. The closing of the sale will be conditioned upon, among other things, Park Valley and Fools Hollow obtaining regulatory approval from the ACC. If required regulatory approvals have not been obtained by June 30, 2012, or the parties do not extend the date of closing, the Earnest Money will be returned to PVWC and FHWC, and provisions of the Agreement will terminate.
4. The closing of the sale will occur no later than 60 business days after obtaining all regulatory approvals, but in no event later than June 30, 2012.

5. Any Aid of Construction Agreements held by Park Valley and Fools Hollow, refunds of which are not due as of closing, will be transferred to Show Low together with the associated future refund responsibility.
6. Park Valley and Fools Hollow will be responsible for making all customer deposit refunds which become due prior to Closing. Show Low is responsible for making all customer deposit refunds which become due subsequent to Closing.
7. The City will obtain a loan from the Water Infrastructure Financing Authority of Arizona ("WIFA") and utilize the funds to finance the purchase of the assets and anticipated improvements.

#### **THE PARK VALLEY AND FOOLS HOLLOW WATER SYSTEM**

As indicated above, the Park Valley and Fools Hollow water systems are interconnected and operate as one water system. Engineering details are contained in Exhibit 2 of this Report.

#### **CITY OF SHOW LOW'S ORGANIZATION AND OPERATION**

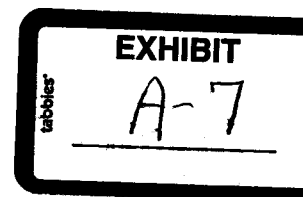
Show Low currently owns and operates a municipal water utility system, which provides water service to approximately 5,500 residential and 600 commercial customers. The City has operated as a water provider since shortly after incorporation in 1953 and currently employs 14 full time employees to oversee Show Lows water system operations.

Both of the Companies' systems are wholly located within the City of Show Low and nearly all of the customers are serviced by the City's wastewater services. Consolidation of these systems into the City system will eliminate customer confusion that is caused by having multiple utility providers and provide economies of scale. Also, customers would only receive one bill for utility services with multiple payment options.

#### **RATES AND CUSTOMER SERVICE**

If the transfer/sale is approved, it is indicated that Park Valley and Fools Hollow customers will be charged the City's current rates that were adopted by its Mayor and Council on May 17, 2011. To summarize the effect of the current Show Low rates on the Companies' customers, the application states that any current Park Valley or Fools Hollow customer utilizing 4,000 gallons or more per month will see a slight reduction in their monthly water rates. Given the fact that the average customer within each system utilizes 4,750 gallons of water per month, that customer will see his/her water bill remain virtually unchanged.

It is Staff's understanding that upon ACC approval, Show Low will commence its ownership and operation of Park Valley's and Fools Hollow's water systems in as seamless a manner as possible, with the objective of ensuring continuity and quality of water service to all of their respective customers. In that regard, Show Low intends to draw upon its positive



**Exhibit A-7**  
**Victoria McCarty**

**February 6, 2012 PVWC Application**

**June 11, 2012 ACC Hearing**  
**Park Valley Water Company, Inc.**  
**Fools Hollow Water Company, Inc.**  
**Docket Nos. W-01653A-12-0043**  
**and W-02042A-12-0062**

ORIGINAL

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION  
RECEIVED

COMMISSIONERS

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

2012 FEB -6 P 3:31

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

FEB - 6 2012

DOCKETED BY	
ICM	NR

W-01653A-12-0043

IN THE MATTER OF THE JOINT APPLICATION )  
OF PARK VALLEY WATER COMPANY AND )  
FOOLS HOLLOW WATER COMPANY FOR AN )  
OPINION AND ORDER (i) AUTHORIZING SALE )  
AND TRANSFER OF WATER SYSTEM ASSETS, )  
AND (ii) CANCELLING CERTIFICATES OF )  
CONVENIENCE AND NECESSITY. )

DOCKET NO. W-01653A-12-\_\_\_\_\_

JOINT APPLICATION

Pursuant to A.R.S. § 40-285 and A.R.S. 40-282, Park Valley Water Company ("Park Valley") and Fools Hollow Water Company ("Fools Hollow"), by and through their undersigned attorney, submit this Joint Application for an Opinion and Order of the Commission (i) authorizing the sale and transfer of the water system assets of Park Valley and Fools Hollow, and (ii) cancelling the associated certificates of convenience and necessity. In support of their Joint Application, Park Valley and Fools Hollow submit the following information.

I.

BACKGROUND

In late November 2011, representatives of Park Valley and Fools Hollow and the City of Show Low, Arizona ("Show Low") reached agreement on the substantive provisions of an Asset Purchase and Sale Agreement ("Agreement"). The Agreement was executed by the President of Park Valley and Fools Hollow on December 2, 2011, and by the Mayor of Show Low on December 6, 2011, following unanimous approval of the Agreement by the Show Low City Council on December 6, 2011. The Agreement provides for (i) the sale and transfer of Park Valley's and Fools Hollow's respective water system assets to Show Low, subject to prior

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1 approval by the Commission, and (ii) the cancellation of Park Valley's and Fools Hollow's  
2 associated certificates of convenience and necessity.<sup>1</sup>

3 Park Valley currently provides water service to approximately 635 residential customers.  
4 Fools Hollow currently provides water service to approximately 335 residential customers. At  
5 present, a staff of two (2) employees oversees Park Valley's and Fools Hollow's water system  
6 operations.

7 Show Low currently owns and operates a municipal water utility system, which provides  
8 water service to approximately 5,500 residential and 600 commercial customers. At present, a  
9 staff of fourteen (14) full-time employees oversees Show Low's water system operations.

10 As indicated in Appendix "B," Park Valley's and Fools Hollow's certificated water  
11 service areas are adjacent to one another and located within Show Low's municipal water service  
12 area. In that regard, both systems are in a geographic area which would allow Show Low to  
13 integrate and strengthen its presence as a regional water provider. In addition, Show Low has  
14 access to means for financing water system infrastructure additions and capital improvements  
15 which are not available to Park Valley and Fools Hollow. Thus, Show Low would be in a  
16 position to better accommodate future growth in Park Valley's and Fools Hollow's certificated  
17 water service areas without an adverse impact on the level and quality of service Park Valley and  
18 Fools Hollow currently provide to their respective customers. Finally, Park Valley and Fools  
19 Hollow are owned by a Trust, the beneficiaries of which now desire to relieve themselves of the  
20 day-to-day responsibilities of owning and operating two (2) water utilities, provided a qualified  
21 and appropriate successor-in-interest can be found.<sup>2</sup> In that regard, Park Valley and Fools  
22 Hollow believe that Show Low is such a successor-in-interest.

23  
24 <sup>1</sup> Park Valley's currently certificated service area is the result of Commission Decision No. 31739 (August 12,  
25 1959), Decision No. 38537 (June 9, 1966) and Decision No. 43620 (August 30, 1973). Fools Hollow's currently  
26 certificated service area is the result of Commission Decision No. 39206 (October 13, 1967) and Decision No.  
27 43619 (August 30, 1973). Copies of those decisions are attached hereto as Appendix "A" and incorporated herein  
28 by this reference. Attached hereto as Appendix "B" and incorporated herein by this reference is a copy of a map  
which depicts Park Valley's and Fools Hollow's certificated service areas (i) in relation to one another and (ii) in  
relation to Show Low's water service area.

<sup>2</sup> Park Valley and Fools Hollow are owned by the James D. McCarty Living Trust ("Trust"). The Trust has twelve  
(12) beneficiaries. The beneficiaries (i) are at different points in their respective lives, (ii) have different needs and  
objectives and (iii) live in several different locations, including some locations which are not proximate to the  
certificated service areas and operations of Park Valley and Fools Hollow. Accordingly, the beneficiaries and

Against the above background circumstances, and following arms-length negotiations, duly authorized representatives of Park Valley and Fools Hollow and Show Low executed the Agreement, a copy of which is attached hereto as Appendix "C," and incorporated herein by this reference.

## II.

## ANTICIPATED FUTURE OPERATION OF PARK VALLEY AND FOOLS HOLLOW'S WATER SYSTEMS

In the event of Commission approval of the Agreement and cancellation of Park Valley's and Fools Hollow's associated certificates of convenience and necessity for their respective water systems, it is anticipated that Show Low will commence its ownership and operation of Park Valley's and Fools Hollow's water systems in as seamless a manner as possible, with the objective of ensuring continuity and quality of water service to their respective customers.<sup>3</sup> In that regard, it is Park Valley's and Fools Hollow's understanding that, prior to the actual transfer of water system assets and operating responsibilities as between the companies and Show Low, Show Low will engage in an outreach program with the companies' respective customers for the purpose of introducing itself to such customers. Finally, pursuant to Section 3.1 and Section 10.5.4 of the Agreement, Show Low will assume full responsibility for any obligations of Park Valley and Fools Hollow for water meter deposit or main extension agreement refunds which become due subsequent to closing of the water system(s) asset(s) transfer transaction. Pursuant to Section 3.1 of the Agreement, Park Valley and Fools Hollow shall refund all security deposits prior to closing.

### III.

**CURRENT RATE COMPARISONS AND ANTICIPATED  
FUTURE RATE INCREASES; AND, SHOW LOW'S  
ANTICIPATED CAPITAL IMPROVEMENTS**

trustees of the Trust have concluded that it would be best if the Trust disposed of its ownership interest in Park Valley and Fools Hollow, which are the only water companies that the Trust owns.

<sup>5</sup> In that regard, Show Low intends to draw upon its positive customer transition experience acquired in connection with the 2010 acquisition of the water system assets and customers of Pineview Water Company, Inc. pursuant to Commission Decision No. 72288 (May 4, 2011).

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**A. Current Rate Comparisons.**

Attached hereto as Appendices "D" and "E" and incorporated herein by this reference are copies of Park Valley's and Fools Hollow's and Show Low's rate schedules, respectively. Park Valley's and Fools Hollow's current rates were approved by the Commission in 1998. Show Low's current rates were adopted by its Mayor and Council on May 17, 2011.

As indicated below, Park Valley and Fools Hollow currently have a base rate of \$14.00 and a commodity rate of \$2.65 for each 1,000 gallons used. There is no usage allowance in this rate. The base rate for 5/8" and 3/4" meters in Show Low is \$24.00 and \$2.36 for each 1,000 gallons used above 5,000 gallons. As part of its May 17, 2011 rate resolution, Show Low's rates will increase on January 1, 2013 to a base rate of \$26.64 and \$2.62 for each 1,000 gallons used above 5,000 gallons. The first 5,000 gallons of usage is included in the base rate. Based upon the October 2011 feasibility study and economic analysis conducted by Wood/Patel for Show Low, there will be no need for a rate increase due to the purchase of the Park Valley and Fools Hollow systems, and all related operational costs and debt service requirements will be covered under Show Low's existing rates.

	<u>Show Low</u>	<u>Park Valley/ Fools Hollow</u>
<b>Monthly Charge -- 5/8"</b>		
Gallons Allowed	5,000	-
Total Charge	\$ 24.00	\$ 14.00
<b>Volume Rate/000 Gal:</b>		
0 - 5,000 Gal	-	2.65
5,001 -- Above	2.36	2.65
<b>Average Monthly Usage</b>		
Gallons	7,528	4,750

Based upon the information set forth above, the following table offers a side-by-side comparison of Park Valley's and Fools Hollow's and Show Low's respective existing rates and their impact on various usage levels. As may be noted, any current Park Valley or Fools Hollow customer utilizing 4,000 gallons or more per month will see a slight reduction in their monthly water rates. Given the fact that the average customer within each system utilizes 4,750 gallons of water per month, that customer will see his/her water bill remain virtually unchanged, in the event that the proposed asset transfer is approved. As previously noted, Park Valley and Fools Hollow rates have not changed since 1998, and the current owners have concluded that but for this proposed sale they would be pursuing a rate increase.

	Park Valley/Fools	City of Show Low	
Gallons	Current	Current	Difference
	5/8" Meters		
0	\$14.00	\$24.00	\$10.00
1,000	16.65	24.00	7.35
2,000	19.30	24.00	4.70
3,000	21.95	24.00	2.05
4,000	24.60	24.00	(0.60)
5,000	27.25	24.00	(3.25)
6,000	29.90	26.36	(3.54)
7,000	32.55	28.72	(3.83)
8,000	35.20	31.08	(4.12)
9,000	37.85	33.44	(4.41)
10,000	40.50	35.80	(4.70)
11,000	43.15	38.16	(4.99)
12,000	45.80	40.52	(5.28)
13,000	48.45	42.88	(5.57)
14,000	51.10	45.24	(5.86)
15,000	53.75	47.60	(6.15)
16,000	56.40	49.96	(6.44)
17,000	59.05	52.32	(6.73)
18,000	61.70	54.68	(7.02)
19,000	64.35	57.04	(7.31)
20,000	67.00	59.40	(7.60)

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1 **B. Capital Improvements.**

2 As outlined in the October 2011 Wood/Patel feasibility study, Show Low will be making  
3 capital improvements within the current Park Valley and Fools Hollow water service areas  
4 immediately upon acquisition of those systems, and over the next several years thereafter. In  
5 that regard, as part of its initial financing with WIFA, Show Low intends to spend up to  
6 \$400,000 on interconnections, SCADA, chlorination and fire hydrants. Longer term  
7 improvements estimated at \$2.6 million include upsizing lines to 8-inch PVC, adding additional  
8 fire hydrants and PRV stations. Also included will be improvements to the wells and overall  
9 storage, as these systems are integrated into the rest of Show Low's water system. Each of these  
10 capital improvements will add to the reliability of the Park Valley and Fools Hollow systems and  
11 benefit current and future customers of each system, as well as Show Low's current and future  
12 customers.

13 **IV.**

14 **MISCELLANEOUS**

15 Attached hereto as Appendices "F" and "G," and incorporated herein by this reference,  
16 are copies of Certificate(s) of Good Standing, attesting to the fact that both Park Valley and  
17 Fools Hollow, respectively, are in good standing with the Commission.

18 Attached hereto as Appendix "H," and incorporated herein by this reference, is a copy of  
19 a Water Provider Compliance Status Report from the Arizona Department of Water Resources  
20 ("ADWR"), attesting to the fact Park Valley and Fools Hollow are each in compliance with  
21 ADWR's applicable regulations. Pursuant to an October 15, 1986 Approval to Operate issued by  
22 the Arizona Department of Health Services, Park Valley and Fools Hollow operate as "one  
23 system." A copy of that Approval to Operate is attached hereto as Appendix "I" and is  
24 incorporated herein by this reference.

25 Attached hereto as Appendix "J," and incorporated herein by this reference, is a copy of a  
26 Compliance Status Report from the Arizona Department of Environmental Quality ("ADEQ"),  
27 attesting to the fact that Park Valley and Fools Hollow are in compliance with ADEQ's  
28 applicable regulations.

1 Attached hereto as Appendix "K" and incorporated herein by this reference, is a copy of a  
2 Water Provider Compliance Status Report from ADWR attesting to the fact that Show Low's  
3 municipal water system is in compliance with ADWR's applicable regulations.

4 Attached hereto as Appendix "L" and incorporated herein by this reference, is a copy of a  
5 Compliance Status Report from ADEQ attesting to the fact that Show Low's municipal water  
6 system is in compliance with ADEQ's applicable regulations.

7 Attached hereto as Appendix "M," and incorporated herein by this reference, is a copy of  
8 a Water Use Data Sheet, reflecting water consumption by Park Valley's and Fools Hollow's  
9 customers, for the thirteen months ended November 25, 2011.

10 Finally, neither Park Valley's nor Fools Hollow's water system has an unaccounted for or  
11 water loss in excess of the Commission's maximum guideline of ten percent (10%).

12 V.

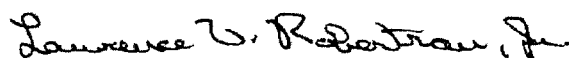
13 CONCLUSION

14 For all of the foregoing reasons, Park Valley and Fools Hollow believe that the issuance  
15 of an Opinion and Order by the Commission (i) authorizing the sale and transfer of Park Valley's  
16 and Fools Hollow's water system assets to Show Low pursuant to the provisions of the  
17 Agreement, and (ii) cancelling Park Valley's and Fools Hollow's associated certificates of  
18 convenience and necessity would be consistent with the public interest.

19 WHEREFORE, Park Valley and Fools Hollow hereby request that the Commission issue  
20 an Opinion and Order (i) authorizing the sale and transfer of Park Valley's and Fools Hollow's  
21 water system assets to Show Low pursuant to the provisions of the Agreement, and (ii)  
22 cancelling Park Valley's and Fools Hollow's associated certificates of convenience and  
23 necessity.

24  
25 Dated this 3<sup>rd</sup> of February 2012.

26 Respectfully submitted,

27 

28 Lawrence V. Robertson, Jr.

LAWRENCE V. ROBERTSON, JR.  
ATTORNEY AT LAW  
P.O. Box 1448  
Tubac, Arizona 85646  
(520) 398-0411

Of Counsel to Munger Chadwick, P.L.C.  
Attorney for Park Valley Water Company and  
Fools Hollow Water Company

Original and thirteen (13) copies of the  
foregoing Joint Application will be mailed for  
filing this 3<sup>rd</sup> day of February 2012 to:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

A copy of the foregoing will also be mailed  
or emailed this same date to:

Lyn A. Farmer,  
Chief Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Steve Olea, Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Janice M. Alward, Chief Legal Counsel  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007



# **Appendix “A”**

**Park Valley/Fools Hollow and Show Low  
(ACC Decisions Establishing Park Valley’s  
and Fools Hollow’s CC&Ns)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF TED HANSEN AND MARGARET HANSEN, HUSBAND AND WIFE, DBA PARK VALLEY WATER COMPANY, FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY AUTHORIZING THE CONSTRUCTION MAINTENANCE AND OPERATION OF A WATER DISTRIBUTION SYSTEM IN NAVAJO COUNTY COVERING AN AREA OF APPROXIMATELY 72½ ACRES, MORE OR LESS, AND MORE SPECIFICALLY DESCRIBED HEREINAFTER.

DOCKET NO. U-1653

DECISION NO. 31739

OPINION AND ORDER

BY THE COMMISSION:

Notice having been given as provided by law, the above entitled matter came on for hearing before the Commission sitting in Phoenix, Arizona on July 23, 1959.

Applicants were represented by H. W. Lyle who presented testimony, both oral and documentary, and from the testimony, files and records in the matter, the Commission is of the opinion that applicants have complied with the statutes of Arizona and with the rules and regulations of the Commission for the issuance of a certificate of convenience and necessity.

The application was unopposed and in the opinion of the Commission, the application contemplates a service in the public interest.

WHEREFORE, IT IS ORDERED that the application be, and it is hereby, approved and this order shall constitute and be a certificate of convenience and necessity as contemplated by the provisions of Section 40-231, A. R. S., authorizing applicant herein to construct, operate, and maintain a public water system within the area described as the South Half (S½) of the Northwest Quarter (NW¼) of the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼), and the North Half (N½) of the Southwest Quarter (SW¼) of the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼), and the North Half (N½) of the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼), and the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼), and the Southwest Quarter (SW¼) of the Northwest Quarter (NW¼) of the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼), and the West Half (W½) of the Northwest Quarter (NW¼) of the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼), and the Southeast Quarter (SE¼) of the Northwest Quarter (NW¼) of the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼), and the Southwest Quarter (SW¼) of the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼), and the Southwest Quarter (SW¼) of the Southeast Quarter (SE¼) of the Southwest Quarter (SW¼) of the

Southeast Quarter (SE $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ), and the North Half (N $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ), and the North Half (N $\frac{1}{2}$ ) of the South Half (S $\frac{1}{2}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ), and the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ), and the Southwest Quarter (SW $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ), and the Northeast Quarter (NE $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of Section 24, Township 19 North, Range 21 East, GABRIEL, Navajo County, Arizona, containing 72 $\frac{1}{2}$  acres, more or less.

The rates and charges which are approved and which shall be charged are as follows:

For the first 4,000 gallons or less of water for each consumer per month minimum .....\$5.00

For each 1,000 gallons in excess of the minimum gallons per month for each consumer ..... \$1.00

All other rates and charges shall be in accordance with General Order U-4, Rules and Regulations for Domestic Water Companies, which became effective as of January 15, 1955.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

IN WITNESS WHEREOF, I, FRANCIS J. BYRNES, Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of this Commission to be affixed, at the Capitol in the City of Phoenix, this 12<sup>th</sup> day of August, 1959.

  
FRANCIS J. BYRNES  
SECRETARY

BEFORE THE ARIZONA CORPORATION COMMISSION

MILTON J. HUSKY  
Chairman  
E. T. "EDDIE" WILLIAMS, JR.  
Commissioner  
DICK HERBERT  
Commissioner

IN THE MATTER OF THE APPLICATION OF THE ESTATE OF TED HANSEN, DECEASED, TO TRANSFER TO MARGARET D. HANSEN, THE SURVIVING SPOUSE OF TED HANSEN, DECEASED, ALL THE DESCENDENT'S INTERESTS IN THE FACILITIES AND OPERATING RIGHTS OF PARK VALLEY WATER COMPANY.

DOCKET NO. U-1653

DECISION NO. 38537

OPINION AND ORDER

BY THE COMMISSION:

The above entitled matter came on for hearing before the Commission sitting at Tucson, Arizona, on May 19, 1966. Applicant appeared by H. William Lyle, attorney, and no appearance was entered in opposition to the granting of the rights sought.

Evidence was adduced upon the application and from that evidence it is found as follows:

- 1) Ted Hansen, deceased, held an interest in Park Valley Water Company, and in that certificate of public convenience and necessity issued by this Commission in Decision No. 31739, issued on the 12th day of August, 1959.
- 2) The Superior Court of the State of Arizona in and for the County of Navajo, in cause No. 3122, by a decree settling first and final account reports and petition for distribution of estate, transferred to Margaret D. Hansen, as the surviving spouse of Ted Hansen all of the assets of the decedent.
- 3) The Commission's approval of the transfer and decree is in the public interest.

WHEREFORE IT IS ORDERED transferring to Margaret D. Hansen that certain certificate of public convenience and necessity, above described.


AND IT IS FURTHER ORDERED, pursuant to the above decree, approving the transfer of the assets of Park Valley Water Company to Margaret D. Hansen.

DOCKET NO. U-1653

Decision No. 38537

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

IN WITNESS WHEREOF, I, GEORGE S. LIVERMORE,  
Secretary of the Arizona Corporation Commission,  
have hereunto set my hand and caused the official  
seal of this Commission, to be affixed at the  
Capitol in the City of Phoenix, this 9<sup>th</sup> day  
of June 1966.

  
GEORGE S. LIVERMORE  
SECRETARY

*Mapping*

BEFORE THE ARIZONA CORPORATION COMMISSION

AL FARON  
Chairman  
RUSSELL WILLIAMS  
Commissioner  
CHARLES H. GARLAND  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF JAMES D. MCCARTY AND DORIS  
MCCARTY dba PARK VALLEY WATER  
COMPANY, FOR A CERTIFICATE OF  
CONVENIENCE AND NECESSITY FOR  
ADDITIONAL TERRITORY.

DOCKET NO. U-1653

DECISION NO. 43620

OPINION AND ORDER

On July 5, 1973, and after appropriate notice had been given to all interested parties, the above-captioned matter was heard before Hearing Officer Lawrence J. Evans, Jr., in Phoenix, Arizona; a transcript of that hearing has been prepared and submitted to the Commission.

Theodore W. Shumway, attorney at law, appeared as counsel on behalf of the applicant; James D. McCarty, husband of Doris McCarty and the responsible party for Park Valley Water Company, appeared and offered testimony in support of the application.

Barney Paulsen, Assistant Director of the Utilities Division, appeared on behalf of the Arizona Corporation Commission.

There were no other witnesses, or protestants or intervenors to the application at the hearing.

After having read the transcript and having considered thoroughly the evidence presented the Commission finds and concludes as follows:

FINDINGS OF FACT

1. Applicant. James D. McCarty and Doris McCarty dba Park Valley Water Company, presently holds a certificate of convenience and necessity for the adjacent and contiguous territory to the south and to the east of the area sought in this application.
2. The area sought to be certificated is in private ownership; all owners of the individual parcels were notified of this proposed extension of territory.
3. Approximately 15 or 20 of the individual parcel owners in the area sought to be certificated have requested water service from the applicant.
4. Additional landowners in the area sought to be certificated are in the process of building summer homes and a public service water utility will be needed when these homes are completed.

Decision No. 43620

5. The only land not included in Section 24 for this water company will be a small portion in the southeast corner that is U.S. Forest Service land for which a special use permit is required.

6. The Board of Supervisors of Navajo County on May 8, 1973 granted applicant the right, privilege, license and franchise for the laying of pipes, conduits, mains and other property for the purpose of supplying water for domestic and commercial use for one portion of the additional territory sought to be certificated and by Resolution No. 1, dated April 2, 1973, approved the transfer of the franchise previously granted to Pineheaven Water Company to Park Valley Water Company for the remainder of the territory sought to be certificated.

7. Applicant proposes to charge the rates it now has on file with this Commission for water sold in its other certificated area immediately adjacent and contiguous to the additional territory sought to be certificated. These present rates are:

MINIMUM:	\$5.00 for the first 4,000 gallons of water consumed by each customer each month.
RATE:	\$1.00 for each 1,000 gallons consumed in excess of the 4,000 gallons allowed in the minimum.

8. Applicant's total assets as indicated in their financial statement as of December 31, 1972 were \$306,798.00.

#### CONCLUSIONS OF LAW

1. There is a present public need and necessity in the area applied for and the granting of an extension of territory to the certificate of convenience and necessity presently held by James D. McCarty and Doris McCarty dba Park Valley Water Company is in the best interests of all parties concerned, including the prospective consumers and the residents of the adjacent and contiguous areas.

2. James D. McCarty and Doris McCarty dba Park Valley Water Company are fit and proper persons to assume the obligations of an extension of territory to the certificate of convenience and necessity they presently hold.

3. James D. McCarty and Doris McCarty dba Park Valley Water Company are presently solvent and able to perform their obligations if granted the extension of territory to the certificate of convenience and necessity they presently hold.

Decision No. 43620

WHEREFORE, IT IS ORDERED: that James D. McCarty and Doris McCarty dba Park Valley Water Company be granted an extension of territory to the certificate of convenience and necessity they presently hold, in that area of Navajo County described as:

N1/2; N1/2, S1/2; W1/2, SW1/4 SW1/4;  
N1/2 NE1/4 SW1/4 SW1/4 NE1/4  
SW1/4 SW1/4; NW1/4 SE1/4 SW1/4 SW1/4;  
S1/2 SE1/4 SW1/4 SW1/4; N1/2 NW1/4  
SE1/4 SW1/4; NE1/4 SE1/4 SW1/4; S1/2  
S1/2 SE1/4 SW1/4; S1/2 SW1/4 SW1/4  
SE1/4; SW1/4 SE1/4 SW1/4 SE1/4; all  
in Section 24, Township 10 North,  
Range 21 East, Gila and Salt River  
Base and Meridian, County of Navajo,  
State of Arizona. *checked*

IT IS FURTHER ORDERED: that the present rate schedule followed by James D. McCarty and Doris McCarty dba Park Valley Water Company with respect to its present service area shall be employed in the additional area to be certificated.

IT IS FURTHER ORDERED: that all services shall be metered at the time of the initial connection.

IT IS FURTHER ORDERED: that water rates shall not be adjusted to reflect increases or decreases in taxes or other governmental impositions, including ad valorem property taxes, but that future adjustments to the above approved water rates will be only after proper application, review, public hearing, decision and order of this Commission.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

*Al F...*  
CHAIRMAN

*Russell Williams*  
COMMISSIONER

*Charles...*  
COMMISSIONER

IN WITNESS WHEREOF, I, GEORGE M. DEMPSEY, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of this Commission to be affixed, at the Capitol, in the City of Phoenix, this 30th day of August, 1973.

*George M. Dempsey*  
GEORGE M. DEMPSEY  
SECRETARY

*Map Room*

BEFORE THE ARIZONA CORPORATION COMMISSION

E. T. "EDDIE" WILLIAMS, JR.  
CHAIRMAN  
DICK HERBERT  
COMMISSIONER  
MILTON J. HUSKY  
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF FOOLS HOLLOW WATER COMPANY  
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT,  
OPERATE AND MAINTAIN A WATER SYSTEM IN NAVAJO COUNTY, ARIZONA.

DOCKET NO. U-2042

DECISION NO. 39206

OPINION AND ORDER

BY THE COMMISSION:

Notice having been given as provided by law, the above entitled matter came on for hearing before the Commission and was partially heard on September 29, 1967, and concluded on October 3, 1967.

Evidence was adduced at said hearing and from that evidence the Commission finds that the applicant has complied with the laws of the State of Arizona, and the rules and regulations of the Commission for the issuance of a certificate of convenience and necessity for the operation of a public water system.

WHEREBY IT IS ORDERED that the application is hereby approved and this order shall constitute a certificate of convenience and necessity authorizing applicant to construct, operate and maintain in conformity with the laws of the State, and the rules, regulations and orders of the Commission, a public water system within the area described as NW $\frac{1}{4}$  SW $\frac{1}{4}$  NE $\frac{1}{4}$ ; E $\frac{1}{2}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$  SE $\frac{1}{4}$  NW $\frac{1}{4}$ ; SW $\frac{1}{4}$  SW $\frac{1}{4}$  NE $\frac{1}{4}$ ; E $\frac{1}{2}$  NE $\frac{1}{4}$  SE $\frac{1}{4}$  SE $\frac{1}{4}$  NW $\frac{1}{4}$ ; SE $\frac{1}{4}$  SE $\frac{1}{4}$  SE $\frac{1}{4}$  NW $\frac{1}{4}$ ; NW $\frac{1}{4}$  NW $\frac{1}{4}$  SE $\frac{1}{4}$ ; SW $\frac{1}{4}$  NW $\frac{1}{4}$  SE $\frac{1}{4}$ ; NE $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; N $\frac{1}{2}$  NE $\frac{1}{4}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; N $\frac{1}{2}$  NW $\frac{1}{4}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; S $\frac{1}{2}$  NE $\frac{1}{4}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; S $\frac{1}{2}$  NW $\frac{1}{4}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; S $\frac{1}{2}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; SW $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; S $\frac{1}{2}$  NW $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; W $\frac{1}{2}$  NW $\frac{1}{4}$  NW $\frac{1}{4}$  NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; NW $\frac{1}{4}$  SW $\frac{1}{4}$  SE $\frac{1}{4}$ ; NE $\frac{1}{4}$  SE $\frac{1}{4}$  SW $\frac{1}{4}$ ; SE $\frac{1}{4}$  SE $\frac{1}{4}$  SW $\frac{1}{4}$ , All located in Section 13, Township 10 North, Range 21 East, G&SRB&M., Navajo County, Arizona.

IT IS FURTHER ORDERED that the rates and charges for water sold shall be:

Monthly  
Service Charges

5/8" Meters	\$4.00
3/4" "	5.00
1" "	7.00
1 1/2" "	12.00
2" "	18.00

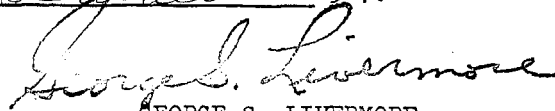
No water supplied with Service Charge

Consumption Charges

75¢ per thousand gallons.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

IN WITNESS WHEREOF, I, GEORGE S. LIVERMORE,  
Secretary of the Arizona Corporation Commission,  
have hereunto set my hand and caused the official  
seal of this Commission, to be affixed at the  
Capitol in the City of Phoenix, this 13th day  
of October 1967.



GEORGE S. LIVERMORE  
SECRETARY

*Mapping*

BEFORE THE ARIZONA CORPORATION COMMISSION

AL FARON  
Chairman  
RUSSELL WILLIAMS  
Commissioner  
CHARLES H. GARLAND  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF BALDWIN-McCARTY, INC., dba )  
FOOLS HOLLOW WATER COMPANY, FOR )  
A CERTIFICATE OF CONVENIENCE AND )  
NECESSITY FOR ADDITIONAL TERRITORY. )

DOCKET NO. U-2042

DECISION NO. 43619

OPINION AND ORDER

On July 5, 1973, and after appropriate notice had been given to all interested parties, the above-captioned matter was heard before Hearing Officer Lawrence J. Evans, Jr., in Phoenix, Arizona; a transcript of that hearing has been prepared and submitted to the Commission.

Theodore W. Shumway, attorney at law, appeared as counsel on behalf of the applicant; James D. McCarty, general manager of Baldwin-McCarty, Inc. dba Fools Hollow Water Company, appeared and offered testimony in support of the application.

Barney Paulsen, Assistant Director of the Utilities Division, appeared on behalf of the Arizona Corporation Commission.

There were no other witnesses, or protestants or intervenors to the application at the hearing.

After having read the transcript and having considered thoroughly the evidence presented the Commission finds and concludes as follows:

FINDINGS OF FACT

1. Applicant, Baldwin-McCarty, Inc. dba Fools Hollow Water Company, presently holds a certificate of convenience and necessity for the contiguous territory immediately between the two areas sought in this application.

2. The land to the east and the land to the west, all in Section 13, Township 10 North, Range 21 East, Gila and Salt River Base and Meridian, Navajo County, of the applicant's presently certificated area is in private ownership and the owners thereof have made numerous requests to the applicant to be served water by applicant.

Decision No. 43619

3. Applicant presently has approximately 80 consumers in the existent certificated area and, with the additional revenue provided from the prospective customers in the additional territory is prepared to enlarge the system and water storage facilities when necessary.

4. The Board of Supervisors of Navajo County on May 8, 1973 granted applicant a county franchise for the right, privilege, license and franchise for the laying of water pipes, mains, conduits and other property to supply water for domestic and commercial use within the confines of the additional territory sought to be certificated.

5. Applicant proposes to charge the rates it now has on file with this Commission for water sold in its other certificated area immediately adjacent and contiguous to the additional territory sought to be certificated. These present rates are:

MONTHLY SERVICE	5/8" Meters	\$4.00
CHARGE:	3/4" "	5.00
(No water supplies	1" "	7.00
with Service Charge)	1 1/2" "	12.00
	2" "	18.00

MINIMUM: Flat rate of \$.75 per each  
1,000 gallons consumed per  
customer per month.

6. Applicant's corporate financial statement, filed with the Incorporating Division of this Commission for the corporate fiscal year ending May 31, 1972, indicates total assets of \$56,952.00. It must be noted, however, that this financial statement includes an intangible asset of "Goodwill" in the amount of \$33,378.00.

#### CONCLUSIONS OF LAW

1. There is a present public need and necessity in the area applied for and the granting of an extension of territory to the certificate of convenience and necessity presently held by Baldwin-McCarty, Inc. dba Fools Hollow Water Company is in the best interests of all parties concerned, including the prospective consumers and the residents of the adjacent and contiguous areas.

2. Baldwin-McCarty, Inc. dba Fools Hollow Water Company is a fit and proper entity to assume the obligations of an extension of territory to the certificate of convenience and necessity it presently holds.

Decision No. 43619

3. Baldwin-McCarty, Inc. dba Fools Hollow Water Company is presently solvent and able to perform its obligations if granted the extension of territory to the certificate of convenience and necessity it presently holds.

WHEREFORE, IT IS ORDERED: that Baldwin-McCarty dba Fools Hollow Water Company be granted an extension of territory to the certificate of convenience and necessity it presently holds, in that area of Navajo County described as:

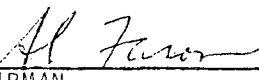
The East 1/2 of the East 1/2; the East 1/2 of the West 1/2 of the East 1/2; the Southwest 1/4 of the Southwest 1/4 of the Southeast 1/4; the West 1/2 of the Southeast 1/4 of the Southwest 1/4; the West 1/2 of the Southwest 1/4 of the Northwest 1/4; the Southwest 1/4 of the Northwest 1/4 of the Northwest 1/4; the West 1/2 of the Northwest 1/4; the West 1/2 of the Southeast 1/4 of the Northwest 1/4 of the Northwest 1/4; the West 1/2 of the Northeast 1/4 of the Southwest 1/4 of the Northwest 1/4; the Southeast 1/4 of the Southwest 1/4 of the Northwest 1/4; the West 1/2 of the West 1/2 of the Southwest 1/4 of the Southeast 1/4 of the Northwest 1/4; the West 1/2 of the Northeast 1/4 of the Northeast 1/4 of the Southwest 1/4 of the Northwest 1/4; the Southeast 1/4 of the Northeast 1/4 of the Southwest 1/4 of the Northwest 1/4; all in Section 13, Township 10 North, Range 21 East, Gila and Salt River Base and Meridian, Navajo County, Arizona.

IT IS FURTHER ORDERED: that the present rate schedule followed by Baldwin-McCarty, Inc. dba Fools Hollow Water Company with respect to its present service area shall be employed in the additional area to be certificated.

IT IS FURTHER ORDERED: that all services shall be metered at the time of the initial connection.

IT IS FURTHER ORDERED: that water rates shall not be adjusted to reflect increases or decreases in taxes or other governmental impositions, including ad valorem property taxes, but that future adjustments to the above approved water rates will be only after proper application, review, public hearing, decision and order of this Commission.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION


  
CHAIRMAN

COMMISSIONER

  
COMMISSIONER

Decision No. 43619

IN WITNESS WHEREOF, I, GEORGE M. DEMPSEY,  
Secretary of the Arizona Corporation Com-  
mission have hereunto set my hand and caused  
the official seal of the Arizona Corporation  
Commission to be affixed at the Capitol, in  
the City of Phoenix, this 30th day of  
August, 1973.

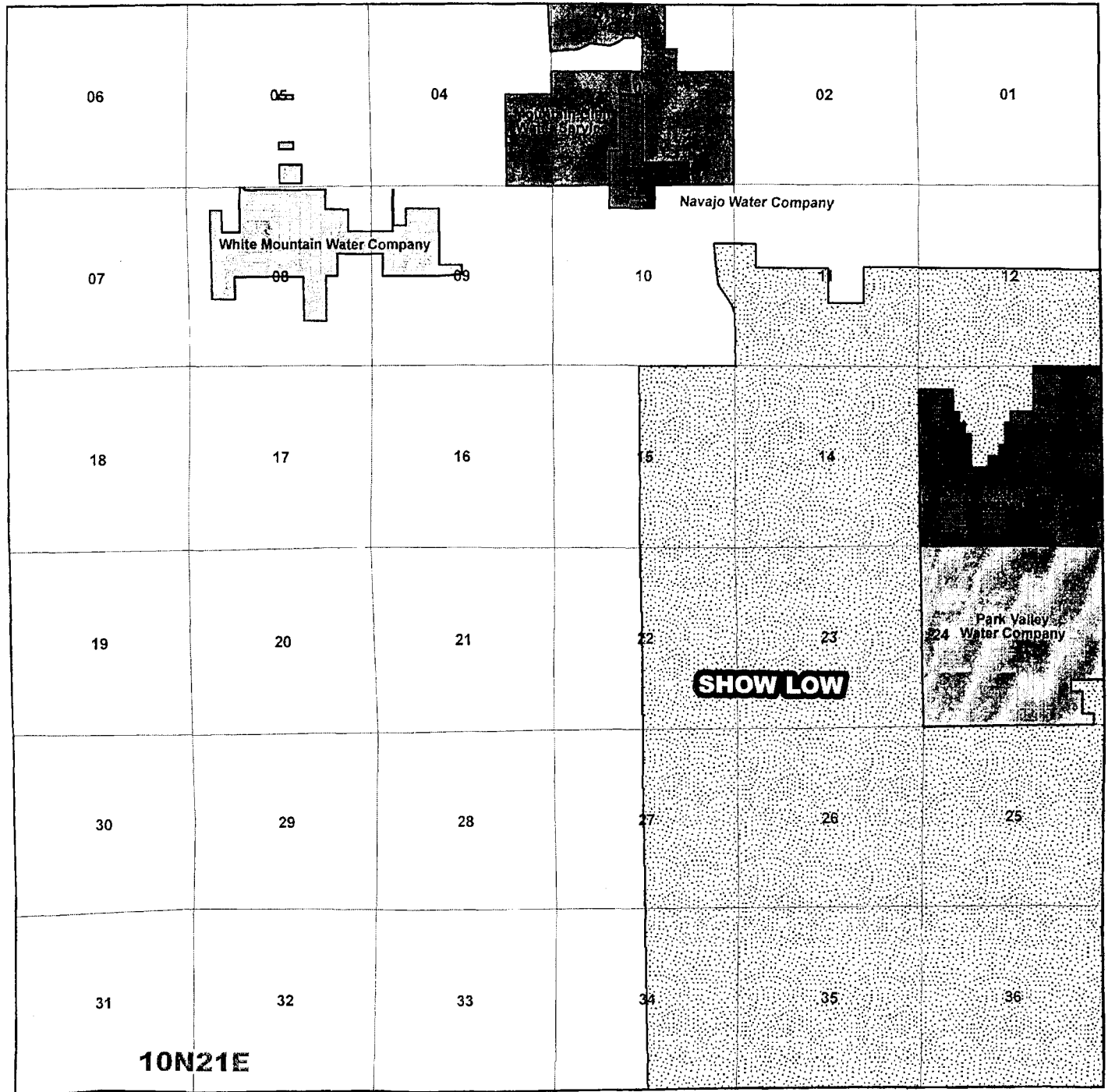
  
GEORGE M. DEMPSEY  
S E C R E T A R Y

# **Appendix “B”**

**Park Valley/Fools Hollow and Show Low  
(Map of Park Valley’s and Fools Hollow’s  
Certificated Service Areas)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

# NAVAJO COUNTY



# **Appendix “C”**

**Park Valley/Fools Hollow and Show Low  
(Asset Purchase and Sale Agreement)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

## **Asset Purchase and Sale Agreement**

This Asset Purchase and Sale Agreement (the "Agreement"), dated this 6<sup>th</sup> day of December, 2011, is entered into by and between PARK VALLEY WATER COMPANY, INC. AND FOOLS HOLLOW WATER COMPANY, INC., (hereinafter collectively "Seller"), and THE CITY OF SHOW LOW, an Arizona Municipal Corporation (hereinafter "Buyer").

### **1. Recitals.**

- 1.1 Seller consists of two (2) public service corporations that are Arizona corporations doing business in Navajo County, Arizona. Park Valley Water Company, Inc. provides public water utility services to approximately 635 customers. Fools Hollow Water Company, Inc. provides public water utility services to approximately 335 customers. Seller owns the assets listed as **Exhibit "A"** to this Agreement and desires to sell the same to Buyer. Seller operates as two (2) Arizona public service corporations under separate Certificates of Convenience and Necessity issued by the Arizona Corporation Commission ("ACC") in Decision Nos. 31739 (August 12, 1959), 38537 (June 9, 1966) and 43620 (August 30, 1973) for Park Valley Water Company; and, Decision Nos. 39206 (October 13, 1967) and 43619 (August 30, 1973) for Fools Hollow Water Company, Inc., copies of which are attached hereto as Exhibit D. Seller desires to sell the assets listed on Exhibit "A" to Buyer upon the terms and conditions set forth herein.
- 1.2 Buyer is an Arizona municipal corporation authorized to provide water service pursuant to A.R.S. § 9-511 and desires to purchase Seller's water system and associated real property from Seller upon the terms and conditions set forth herein.

NOW THEREFORE, the parties hereby agree as follows:

### **2. Definitions.**

- 2.1 The following capitalized words used in this Agreement shall have the meanings set forth below:
  - 2.1.1 Accounts Receivable: Any right for the payment to Seller for services or goods provided or rendered by Seller prior to the Closing or within thirty (30) days of closing, whether or not evidenced by an instrument or chattel paper, arising out of or in any way related to the Business.
  - 2.1.2 Aid in Construction Agreements: All ACC-approved main or line extension agreements between Seller and third parties, being those included in **Exhibit "B"** hereto.

- 2.1.3**     Assets: Collectively, the Real Property, Goodwill, Improvements, Equipment, Inventory, Contract Rights, Licenses, Certificates, Warranties and Guarantees, and Records owned and used by Seller in connection with the Business, to be sold by Seller and purchased by Buyer pursuant to this Agreement, as described on Exhibit "A" hereto; provided, however, Assets shall not include Accounts Receivable and cash on hand or in any bank/brokerage accounts at Closing. The Assets shall also include all water rights and claims for water rights, if any, whether filed or not, associated with the real property listed in Exhibit H hereto or used to provide water to any of Seller's customers as of the Closing.
- 2.1.4**     Assignment and Assumption of Contract Rights: Those certain documents to be given by Seller to Buyer assigning all of Seller's interest in the Contract Rights, and the Buyer's assumption of all obligations under the Contract Rights, and assigning all of Seller's interest in the Goodwill, Licenses, Certificates, Warranties and Guarantees that are transferable. See Exhibit I.
- 2.1.5**     Bill of Sale: That certain document to be given by Seller to Buyer conveying all of Seller's interest in and to the Equipment, Inventory and Records, a copy of which is attached hereto as Exhibit "C".
- 2.1.6**     Business: The water utility business known as Park Valley Water Company, Inc. and the Fools Hollow Water Company, Inc. (collectively "Park Valley/Fools Hollow") currently (i) owned and operated by Seller as a public service corporation and (ii) engaged in the sale of water for domestic, commercial and other uses in the Certificated Area pursuant to the Certificates issued by the ACC, and the provision of other related services in connection therewith.
- 2.1.7**     Buyer: City of Show Low, a municipal corporation under the laws of the State of Arizona, or its nominee or assign.
- 2.1.8**     Certificates: The Certificates of Convenience and Necessity ("CC&N") issued by the ACC in the Decisions listed on Exhibit "D" hereto, authorizing Seller to engage as a public service corporation in the sale of water for domestic, commercial and other uses in the Certificated Area.
- 2.1.9**     Certificated Area: The geographic area set forth on Exhibit "E" in

which Seller conducts its Business which area is more particularly shown on the map attached hereto as Exhibit "F", which map is for the purpose of showing the boundaries of the Certificated Area.

- 2.1.10 Closing: That point in time when (a) all of Seller's obligations and Buyer's obligations hereunder have been fulfilled; (b) the Escrow Agent has received all required funds and documents from the parties; and (c) the Escrow Agent disburses all of the sale's proceeds and records the Transfer Instrument as required by this Agreement.
- 2.1.11 Commitment: The Commitment for Title Insurance issued by Title Insurer for standard coverage title insurance showing status of title to the Real Property as of the date of the Commitment.
- 2.1.12 Contract Rights: The right to have services, goods or Equipment provided to the Business by third persons, including, without limitation, any leases of Equipment by Seller.
- 2.1.13 Creditors: Any and all persons or entities to whom Seller owes money, goods or services.
- 2.1.14 Equipment: Tangible personal property, whether affixed or not to the Real Property, which has been acquired by or is under lease to Seller for use primarily in the Business, including but not limited to all equipment used in the operation of wells, storage reservoirs, booster stations, transmission mains and distribution systems, office equipment, billing software (continental system) and motor vehicles, as listed in Exhibit "G" hereto.
- 2.1.15 Escrow Agent: Lawyers Title Agency of Arizona, Inc. 1500 East Woolford, Show Low, AZ 85901.
- 2.1.16 Feasibility Period: The period beginning upon the Opening of Escrow and ending five (5) days after obtaining all Regulatory Approvals.
- 2.1.17 Goodwill: The goodwill of the Business.
- 2.1.18 Improvements: Wells, storage reservoirs, booster stations, transmission mains, and distribution systems, and any other structures or tangible property used by Seller in connection with its water system operations.
- 2.1.19 Inventory: Goods that are held by Seller as of the Closing for the

treatment of water or otherwise used or consumed in the ordinary course of operating the Business.

- 2.1.20 License: Those rights to use the public rights of way of Navajo County, Arizona granted to Seller, which rights are to be transferred to Buyer at Closing.
- 2.1.21 Opening of Escrow: The date upon which a fully executed copy of this Agreement is delivered to the Escrow Agent.
- 2.1.22 Permitted Encumbrances: All matters of record approved by Buyer during the Feasibility Period with respect to the Real Property.
- 2.1.23 Purchase Price: The Purchase Price for the purchase and sale of the Assets which are the subject of this Agreement shall be One Million Five Hundred Thirty-Six Thousand Dollars (\$1,536,000).
- 2.1.24 Real Property: The real property legally described in Exhibit "H" hereto, including all well sites, storage reservoirs, booster stations, transmission mains and distribution systems located within the Certificated Area, together with all the rights, easements, licenses and appurtenances pertaining thereto, including without limitation, any right, title and interest of Seller in and to adjacent streets, rights of way, and all Improvements located on or appurtenant thereto which are used by Seller in the Business.
- 2.1.25 Records: All of Seller's service agreements, service repair records, water treatment records, hydrology and assured water supply studies and reports (if any), Arizona Department of Water Resources ("ADWR") filings and correspondence, ACC filings and correspondence, Arizona Department of Environmental Quality ("ADEQ") filings and correspondence, customer data base information (including master file information, billing and payment histories, and complaints), meter reading information, and any other documents arising out of or in any way related to the Business of the Assets.
- 2.1.26 Seller: Collectively referred to herein, "Seller" is the Park Valley Water Company, Inc. and the Fools Hollow Water Company, Inc.
- 2.1.27 Title Insurer: Lawyers Title Insurance Corporation.
- 2.1.28 Transfer Instruments: Those instruments customarily required for the transfer of the Assets, including, but not limited to:

- 2.1.28.1 Warranty Deed;
- 2.1.28.2 Assignment of Easements and Property Rights;
- 2.1.28.3 Assignment of Water Rights and Well Registrations;
- 2.1.28.4 Affidavit of Value;
- 2.1.28.5 Foreign Investment in Real Property Tax Act Affidavit;
- 2.1.28.6 Bill of Sale;
- 2.1.28.7 Assignment and Assumption of Contract Rights.

2.1.29 Warranties and Guarantees: Any and all existing warranties and/or guarantees affecting the Improvements, or any features thereof and any personal property located therein or thereon, and any and all existing warranties and/or guarantees affecting the Equipment, which shall be conveyed to Buyer at the Closing.

3. **Conveyance of Assets.** Subject to the terms, conditions and limitations set forth in this Agreement, on the Closing Date, Seller shall sell, assign, transfer, convey, and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller the Assets.

3.1 Deposits and Payments. The Assets include any funds held by Seller as refundable deposits as of Closing for which a refund is not then due, including deposits for water meter installations; provided, however, Seller shall refund all security deposits prior to Closing. With the exception of payments relating to final bills prepared by Seller pursuant to Section 15, all payments for water service received by Seller after Closing shall be assigned to Buyer and shall belong to Buyer and be transmitted to Buyer in a timely manner.

3.2 Equipment, Inventory and Records. Seller shall provide on or before the Closing a Bill of Sale conveying all of Seller's right, title and interest in and to the Assets described in Exhibit A, including all Equipment, Inventory and Records, in the form attached hereto as **Exhibit "C"**. Buyer and Seller agree to execute and deliver such other instruments of conveyance and transfer as may be reasonably requested or necessary to convey and transfer to, and vest the Assets in Buyer.

3.3 Contract Rights; Goodwill; Licenses, Certificates, Warranties and Guarantees. The Contract Rights shall be assigned by Seller and assumed by Buyer, and the Goodwill, Licenses, Certificates, Warranties and Guarantees that are transferable shall be assigned by Seller to Buyer, at Closing by the execution and delivery by Seller and Buyer of the

Assignment and Assumption of Contract Rights. The Assignment and Assumption of Contract Rights shall include a list identifying all Contract Rights assigned to and assumed by Buyer and shall be substantially in the form of Exhibit "I" hereto. Buyer shall not be obligated to assume any contracts not disclosed by Seller and specifically assumed by Buyer prior to Closing, provided, however, Buyer shall assume all Contract Rights associated with conduct of the Business.

- 3.4 Real Property. The Real Property described in Exhibit H shall be conveyed at Closing by the execution and delivery by Seller of the Warranty Deed, together with any required Affidavit of Property Value in the form attached hereto as Exhibit "J", an Assignment of Easements and Property Rights and an Assignment of Water Rights and Well Registrations. The Warranty Deed shall be substantially in the form attached hereto as Exhibit "K". On or prior to the expiration of the Feasibility Period, Seller and Buyer shall use good faith efforts to agree in writing on forms of Assignment and Easements and Property Rights and Assignment of Water Rights and Well Registrations. Seller shall deliver the Real Property at Closing to Buyer subject only to Permitted Encumbrances. Within a reasonable time after Closing, Escrow Agent shall furnish the Buyer with the Title Insurer's Standard Owner's Policy of Title Insurance in the amount of One Million Five Hundred Thirty-Six Thousand Dollars (\$1,536,000), subject only to Permitted Encumbrances (the "Owner's Title Policy"), or with an ALTA Extended Coverage Owner's Policy if so requested and paid for by Buyer.
- 3.5 Expenses. All expenses attributable to the ownership of the Assets, including but not limited to, real and personal property taxes, shall be prorated and apportioned between Buyer and Seller as of Closing, with Buyer being responsible for all such expenses on and after Closing and Seller being responsible for all such expenses prior to Closing.
- 3.6 Escrow. Buyer and Seller shall each pay an equal share of the escrow fee. All other costs and expenses of closing, including recording fees and charges, are to be allocated between Seller and Buyer according to the custom and practice of Escrow Agent in Navajo County.
- 3.7 Limitations. The purchase of the Assets pursuant hereto shall not constitute a purchase of Seller as a corporate entity by Buyer nor render Buyer a successor-in-interest to Seller as to Seller's corporate identity and status. This Agreement is limited to the purchase and sale of the Assets only and Buyer is not assuming any liabilities of Seller with respect to the Assets or the Business that may exist at any time prior to their transfer hereunder unless otherwise specifically set forth herein. Buyer shall have no

obligation of any kind under any contract or obligation assumed by Seller unless disclosed to, and assumed by, Buyer, as provided herein. The provisions of this Section 3.7 shall survive Closing.

**4. Commitment; Information from Seller; Feasibility Period.**

- 4.1 Delivery of Materials. Delivery of Commitment. Within five (5) days following the Opening of Escrow, the Escrow Agent shall deliver the Commitment to Buyer and Seller together with legible copies of all documents listed as exceptions therein.
- 4.2 Delivery of Other Information. Within ten (10) business days following the Opening of Escrow, Seller shall deliver to Buyer copies of (a) all employment, service, operations, maintenance and supply contracts affecting or pertaining to the Real Property, Equipment, Improvements, Inventory or the Business conducted thereon; (b) the Warranties and Guarantees (if any), together with any related insurance policies or binders; (c) all environmental studies and assessments, and regulatory filings and reports concerning the Assets or the Business, including, but not limited to, ADEQ, ADWR and ACC utility and corporate filings; (d) customer data required by Buyer to establish accounts prior to date of closing; and (e) all similar or relevant information and documentation requested by Buyer or which could reasonably affect or influence Buyer's use of the Assets for the purposes for which they are being acquired.
- 4.3 Feasibility Period. For a period of sixty (60) calendar days beginning upon the Opening of Escrow, Buyer shall have the right to enter upon the Real Property with Buyer's representatives and agents for the purpose of testing, examining and investigating the Assets. Buyer shall have the right during the Feasibility Period to terminate this Agreement if Buyer is dissatisfied, in Buyer's sole and absolute discretion, with the feasibility of the Assets for Buyer's purposes. On or before the expiration of the Feasibility Period, Buyer shall give written notice to Seller and Escrow Agent of its election whether or not to terminate this Agreement. If Buyer elects to terminate this Agreement, Escrow Agent shall return the Earnest Money, all documents deposited in escrow by Buyer to Buyer, and all documents deposited in escrow by Seller to Seller, and this Agreement and the escrow shall terminate. If Buyer elects not to terminate this transaction during the Feasibility Period, the Earnest Money shall become nonrefundable to Buyer and shall be remitted to Seller by Escrow Agent. Buyer's failure to timely give written notice of its election to terminate or not terminate this transaction shall be deemed an election by Buyer not to terminate this

transaction. Seller agrees during the feasibility period not to attempt to sell or actually sell the Assets.

## **5. Earnest Money and Purchase Price**

**5.1** Earnest Money and Purchase Price. Buyer agrees to pay Seller as the total purchase price for Seller's interest in the Assets, the following sums (the "Purchase Price")

**5.1.1** Earnest Money. Buyer will deposit the sum of Ten Thousand Dollars (\$10,000.00) (the "Earnest Money") with the Escrow Agent within three (3) business days after the execution of this Agreement by Buyer and Seller. The Earnest Money shall be placed in an interest bearing account, and all interest accruing thereon shall be deemed to increase, and be a part of, such Earnest Money. The Earnest Money shall be disbursed to Seller at Closing provided that all of Seller's obligations herein have been satisfied.

**5.1.2** Final Portion of Purchase Price. The final portion of the Purchase Price to be paid by Buyer to Seller for the Assets is One Million Five Hundred Twenty-Six Thousand Dollars (\$1,526,000) (the "Final Portion of the Purchase Price"), and shall be paid by Buyer in immediately available United States funds in the form of cash, a confirmed wire transfer of funds or a cashier's or certified check to Escrow Agent on or before Closing for disbursement to Seller, less Seller's share of costs of Closing.

**6. Regulatory and Master Water System Approvals and Conditions to Closing.** Buyer's and Seller's obligations to proceed with Closing under this Agreement are contingent upon: (i) Seller obtaining such approval of the ACC as may be necessary to complete the sale of the Assets to Buyer and extinguish Seller's Certificates (the "Regulatory Approvals"); (ii) Buyer's receipt of the Commitment; (iii) Seller's execution and delivery of the Transfer Instruments; (iv) Seller's and Buyer's payment of their respective closing costs, proratable amounts or any other amounts required to be paid under this Agreement on or before Closing; and (v) the parties' representations and warranties contained in this Agreement being true and correct in all material respects as of Closing. Buyer shall cooperate in all reasonable respects with Seller's effort to obtain the Regulatory Approvals. If (i) the Regulatory Approvals have not been obtained by June 30, 2012, or (ii) the parties do not extend the date of Closing according to the provisions of **Section 11.2** of this Agreement, then the Earnest Money shall be returned to Buyer, and this Agreement shall terminate.

**7. Seller's Representations and Warranties.** Seller hereby represents and warrants to Buyer as follows:

- 7.1 Title. Seller is the owner of, and has good and marketable title to, the personal and Real Property that is a part of the Assets to be conveyed hereunder.
- 7.2 Disclosed Agreements. Except for this Agreement, Seller has entered into no agreement currently in effect to sell the Assets.
- 7.3 Sole Owner. After Closing, Buyer will be the sole owner of the water system(s) known as Park Valley/Fools Hollow. No other person or legal entity has any ownership interest in the water system(s).
- 7.4 ADEQ. To Seller's knowledge, Park Valley/Fools Hollow is in good standing with ADEQ and has filed all reports, water samples and other filings required by state statutes or ADEQ regulations. Seller has not been notified by ADEQ of any pending or other administrative action against or concerning the Assets. Seller shall provide to Buyer all test results submitted to ADEQ and all correspondence to or from ADEQ within twenty (20) days after escrow is opened in order to allow Buyer to conduct due diligence.
- 7.5 Arizona Corporation Commission ("ACC"). To Seller's knowledge, Park Valley/Fools Hollow is in good standing with the ACC and has filed all reports and other filings required by state statutes or ACC regulations. Seller has not been notified by the ACC of any pending or contemplated investigation or other administrative action against or concerning Park Valley/Fools Hollow. Seller agrees to cooperate with the Buyer and with the ACC in obtaining the Regulatory Approvals.
- 7.6 Taxes. To Seller's knowledge, all income tax, property tax and other tax obligations of Park Valley/Fools Hollow are current. Seller has not been notified by any taxing authority of any pending or contemplated investigations or other administrative action against or concerning Park Valley/Fools Hollow.
- 7.7 Liabilities. To the best of Seller's knowledge, there are no liens, judgments, pending or threatened lawsuits, claims, administrative proceedings or other actions against, or that concern or affect Seller or the Assets that would adversely affect this transaction or the title that Buyer will receive, other than those that have been disclosed in writing to Buyer.
- 7.8 Liens. To the best of Seller's knowledge, there are no liens, encumbrances, judgments, security interests, monetary obligations or other matters

affecting Park Valley/Fools Hollow, the Assets or its operations that have not been disclosed to Buyer and will be outstanding at the time of Closing, if any, except Permitted Encumbrances and current real estate taxes which are not yet due and payable.

- 7.9 Labor, Materials. All bills and invoices for labor and materials furnished to or on behalf of the Assets which have been incurred by Seller prior to the time of conveyance and transfer to Buyer, if any, will be paid by Seller prior to or at the time of Closing.
- 7.10 Proceedings. To the best of Seller's knowledge, there are no actions or proceedings by any person or governmental entity or any other facts or circumstances, including any causes of action, lawsuits or claims, whether existing or threatened, which might materially and adversely affect the Assets.
- 7.11 No Breach. To the best of Seller's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement will result (either immediately or after the passage of time and/or the giving of notice) in any breach or default by Seller under any agreement or understanding to which Seller is a party or by which Seller may be bound or which would have an effect upon Seller's ability to fully perform its obligations under this Agreement.
- 7.12 No Bankruptcy. Seller has not (a) made a general assignment for the benefit of creditors, (b) filed any voluntary petition or suffered the filing of any involuntary petition by Seller's creditors, (c) suffered the appointment of a receiver to take all, or substantially all, of Seller's assets, (d) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (e) admitted in writing its inability to pay its debts as they fall due, and no such action is threatened or contemplated.
- 7.13 Regulations. To the best of Seller's knowledge, there are currently no violations of any applicable zoning regulation or ordinance or other law, order, ordinance, rule, regulation or requirement, or of any covenant, condition or restriction affecting or relating to the use or occupancy of the Real Property from any governmental agency having jurisdiction over the Assets or from any other person entitled to enforce the same.
- 7.14 Permits. To the best of Seller's knowledge, Seller has all permits, licenses, authorization and approvals required by law or any governmental agency to conduct the Business.

- 7.15 Condemnation. To the best of Seller's knowledge, there are no pending or threatened condemnations or eminent domain proceedings which would affect the Business or Assets.
- 7.16 Creditors. As of Closing (except for items to be prorated at Closing pursuant to this Agreement), all bills and invoices for goods and services related to or which are a part of the Assets shall be paid; all Creditors shall be paid; all employees (if any) and salaries, wages, bonuses, vacation pay and benefits accrued up to the date of Closing shall be paid; all withholdings, payroll taxes, unemployment insurance, worker's compensation benefits, and all other similar payments shall be paid current to the date of Closing; and no claims by Creditors shall exist which may encumber the Assets.
- 7.17 Organization. Seller has been duly formed and presently exists as an Arizona public service corporation, and subject to receipt of the Regulatory Approvals, has the full right and authority to enter into this Agreement, to consummate the sale of the Assets contemplated herein and to observe and perform all of its covenants and obligations hereunder. The persons executing this Agreement and any other document required hereby have full authority to act on behalf of and to bind the Seller in and to the obligations imposed on it by this Agreement.
- 7.18 Commissions. Seller has made no agreements respecting commissions or brokerage fees in connection herewith. Seller shall indemnify Buyer for any claims of commission through Seller. This indemnification provision shall survive Closing.
- 7.19 Environmental Regulations. To the best of Seller's knowledge, the Assets to be conveyed hereunder are in compliance with all current applicable environmental, health and safety laws and regulations.
- 7.20 Hazardous Materials. Seller has not dumped, buried or released or otherwise disposed of any hazardous materials or environmental pollutants on the Real Property. Seller knows of no dumping, burial, release or other disposal of hazardous materials or other environmental pollutants on the Real Property. Seller is not aware of any environmental problems that may affect the well sites, quality of water or service or delivery of water to Seller's customers.
- 7.21 Independent Advice. Seller has obtained all such independent legal, accounting and other advice as Seller has deemed necessary and appropriate in connection with this transaction. Seller understands that Buyer has no obligation and shall have no liability to Seller for any legal,

tax or other consequences to Seller arising out of this transaction other than a breach by Buyer of any provision of this Agreement.

- 7.22 Insurance Coverage. Seller carries, and has for the four (4) years immediately preceding the date of this Agreement carried, what it believes to be a commercially reasonable liability insurance policy on an occurrence basis. Such insurance shall be maintained in full force and effect through Closing.
- 7.23 ACC Filings. To the best of Seller's knowledge, there are no material inaccuracies in the information contained in the latest Annual Report filed by Seller with the Utilities Division of the ACC.
- 7.24 Annual Regulatory Assessments. Seller agrees and acknowledges that it shall be responsible for and pay all accrued and or payable ACC and RUCO Annual Regulatory Assessments due at or prior to Closing.
- 7.25 Sufficiency and Adequacy. To the best of Seller's knowledge, the Real Property to be conveyed pursuant hereto is adequate and sufficient to permit Buyer to operate the Business in its usual and customary manner, and all Improvements located within the Real Property are to be conveyed to Buyer pursuant hereto.
- 7.26 Maintenance of Assets. Seller agrees to maintain the Assets in their current condition, ordinary wear excepted, to the date of Closing. Furthermore, Seller agrees that, from the effective date of this Agreement through Closing, Seller shall consult with Buyer and take all reasonable steps to ensure that any infrastructure built or approved during such period conforms with Buyer's construction standards. To Seller's knowledge, all of the Assets are installed in a manner that will allow them to function properly and such installation is in compliance with all applicable laws, rules and regulations.
- 7.27 Accuracy of Representations and Warranties. None of the foregoing representations and warranties of Seller contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except for any breach of such warranties and representations with respect to which Buyer has commenced an action against Seller prior to the expiration of such one (1) year period.

**8. Buyer's Representations and Warranties.** Buyer hereby represents and warrants to Seller as follows:

- 8.1 Authority. Buyer has been duly formed and presently exists as a Municipal Corporation under the laws of the state of Arizona, and the entering into of this Agreement and the performance of Buyer's obligations hereunder have been duly authorized by all proper and necessary official actions, and do not violate any applicable governmental statute, rule, regulation, ordinance, contract or other restriction. All actions required by law for this Agreement to be a valid and binding obligation of Buyer have been taken or will have been taken as of Closing. The person executing this Agreement and any other documents required hereby has full authority to act on behalf of and to bind Buyer in and to the obligations imposed on it by this Agreement.
- 8.2 Service of Customers. Buyer agrees to provide a continuous adequate and reliable municipal water supply to all individuals and entities served by Park Valley/Fools Hollow, subject to all applicable laws, rules and regulations as well as the payment of all applicable fees by such individuals and entities. Any excess water capacity not needed to satisfy the foregoing service commitment may be used anywhere in Buyer's municipal water system for any lawful purpose.
- 8.3 Independent Advice. Buyer has obtained all such independent legal, accounting and other advice as Buyer has deemed necessary and appropriate in connection with this transaction. Buyer understands that Seller has no obligation and shall have no liability to Buyer for any legal, tax or other consequences to Buyer arising out of this transaction other than a breach by Seller of any provision of this agreement.
- 8.4 Inspection. Buyer has inspected and has determined that all of the Assets are installed in a manner that will allow them to function properly and the installation is compliant with all applicable local, state and federal laws, rules and regulations.
- 8.5 Commissions. Buyer has made no agreements respecting commissions or brokerage fees in connection herewith. Buyer shall indemnify Seller for any claims of commission through Buyer. This indemnification provision shall survive Closing.
- 8.6 Seller's Access to Records. Buyer acknowledges that the records to be transferred to Buyer will contain information that may be needed by Seller from time to time. Buyer therefore agrees that Seller will have the right to reasonable access to such information during regular business hours after Closing, including the right to make copies of such documents as Seller

may need.

- 8.7 Accuracy of Representations and Warranties.** None of the representations and warranties of Buyer contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except with respect to any breach of such warranties and representations for which Seller has commenced an action against Buyer prior to the expiration of such one (1) year period.

**9. Conditions Precedent.**

Buyer has obtained an appraisal and economic analysis which has been delivered to Seller. Before Buyer can proceed to purchase the system, Buyer will need to obtain Arizona Water Infrastructure Financing Authority (WIFA) funding to finance the purchase of the Assets at the Purchase Price. Pursuant to Section 4.3 of this Agreement, Buyer shall have the option to cancel this Agreement if Buyer cannot obtain financing from WIFA. If the cancellation occurs during the Feasibility Period provided for in Section 4.3 then Buyer will not forfeit the Earnest Money deposit; however, in the event that the cancellation occurs outside of the Feasibility Period then (i) Buyer shall forfeit the Earnest Money to Seller, and (ii) Buyer will be responsible for all costs if it cancels this Agreement. In the event that Buyer is prepared to proceed to Closing and Seller elects for any reason to withdraw from the transaction, Seller shall reimburse Buyer the actual costs incurred by Buyer in connection with the aforesaid appraisal and economic analysis.

The City Council for the City of Show Low shall have adopted a resolution approving this Agreement no later than December 6, 2011.

- 9.1** The Board of Directors for Seller shall have an adopted a resolution approving this Agreement no later than December 6, 2011.

**10. Conditions to Closing.**

**10.1 Closing Documents.**

- 10.1.1 Seller's Deposits.** Prior to Closing, Seller shall deposit with Escrow Agent for delivery to Buyer the following:

**10.1.1.1** The Warranty Deed required by this Agreement substantially in the form set forth in Exhibit "K" hereto.

**10.1.1.2** The form of Certificate re RUCO and ACC Assessments,

substantially in the form set forth in Exhibit "L" hereto.

**10.1.1.3** The general assignment of water rights substantially in the form set forth in Exhibit "M" hereto.

**10.1.1.4** Any other documents or instruments required by this Agreement, including Regulatory Approvals.

**10.1.1.5** Any other instruments necessary to or reasonably required by Buyer or Escrow Agent to effectuate the transaction contemplated herein.

**10.1.2** Buyer's Deposits. Prior to Closing, Buyer shall deposit with Escrow Agent for delivery to Seller the following:

**10.1.2.1** The Final Portion of the Purchase Price in immediately available United States funds, pursuant to Section 5.12 above.

**10.1.2.2** Any other instruments necessary to or reasonably required by Seller or Escrow Agent to effectuate the transaction contemplated herein.

**10.2** The Closing of this transaction shall occur no later than sixty (60) business days after obtaining all Regulatory Approvals and a written decision from the Arizona Corporation Commission, but in no event later than June 30, 2012. Notwithstanding the foregoing, Seller and Buyer may agree to mutually extend the Closing date until such later time by executing and delivering a written instrument to Escrow Agent setting a new date for Closing. The actual date of Closing shall be the date upon which all conditions specified in Section 1.1.10 have been satisfied and shall also be the new date for proration.

**10.3** Prorations. All current real estate taxes against the Real Property shall be prorated as of 12:01 a.m. on the date of Closing. As a municipal corporation, Buyer is exempt from the payment of real estate taxes. Any errors in the proration resulting in a deficit in the payment of taxes through Closing shall thereafter remain the obligation of Seller. Any delinquent taxes, penalties and interest thereon for the Property shall be paid by Seller on or before Closing.

**10.4** Assessments. All current assessments, both principal and interest, against the Real Property shall be prorated as of 12:01 a.m. on the date of Closing. Seller shall pay any delinquent amounts on or before Closing.

**10.5** Other.

**10.5.1** Seller shall transfer its water utility operations and the Assets to

Buyer as of Closing. Pursuant to Section 3.1, prior to Closing refundable security deposits, if any, shall be refunded by Seller as and when due. Buyer shall make its own utility deposit arrangements as to new customers acquired after Closing. All water meter deposits existing at the time of closing will be refunded by Buyer.

- 10.5.2** Any maintenance contracts for services, supplies or Equipment as listed on Exhibit "N" hereto, as approved by Buyer in writing, shall be prorated as of Closing.
- 10.5.3** Leases for Equipment (including vehicles if any) or premises shall be prorated as of Closing.
- 10.5.4** Any Aid in Construction Agreements held by Seller, refunds of which are not due as of Closing, shall be transferred to Buyer together with the associated future refund responsibility as outlined in Exhibit B.
- 10.5.5** Personal property tax shall be prorated as of Closing. As a municipal corporation, Buyer is exempt from the payment of personal property taxes.
- 10.6** Escrow Agent shall have provided Buyer the Commitment, showing that Seller has good marketable title to the real property being acquired by Buyer and that the property is free and clear of any liens or encumbrances. Any exceptions must be approved by the Buyer in writing. Buyer shall not object to any reservations or exceptions for property taxes and other assessments constituting liens but which are not yet due or delinquent, to easements for utilities, rights-of-way or drainage, or to covenants, conditions or restrictions, except to the extent that any of the foregoing would unreasonably affect the operation of the water system.
- 10.7** Seller shall have identified, with reasonable accuracy, the location of all water lines that are a part of the water system being acquired. For any and all water lines across or under real property not owned or controlled by Seller as to which Seller has obtained written easements as of Closing, Seller will execute and deliver to Escrow Agent, in a recordable form satisfactory to Buyer, assignments naming Buyer as grantee (together with the easement itself, if it has not been recorded). Seller shall also assign pursuant to this Agreement any rights to prescriptive easements that it may have.
- 10.8** Seller shall assign all well registrations and all water rights claims subject to the Little Colorado River Stream Adjudication which are associated with

the Assets, if any. Seller agrees to cooperate in good faith, after Closing, in the execution of any additional documents necessary to accomplish the aforesaid assignment of such registrations and claims.

- 10.9 Consistent with applicable privacy laws, Seller shall provide to Buyer a full and complete list of Seller's customers with addresses and any other documentation needed to enable Buyer to continue to operate the water system and provide ongoing adequate and reliable water service to Seller's customers.
- 10.10 Buyer shall have delivered to Escrow Agent funds for the total Purchase Price.
- 10.11 Escrow Agent shall cause to be issued or shall be committed to issue on behalf of Title Company a standard owner's policy of title insurance, with liability in the amount of that portion of the Purchase Price relating to the Real Property, and showing title vested in the Buyer free of encumbrances. Seller shall be responsible for the premium for the standard owner's policy of title insurance.
- 10.12 Seller shall ensure that any lien holder shall release any lien on the Assets.
- 10.13 Seller shall be entitled to all payments from current customers for current or delinquent accounts as of Closing. Buyer is entitled to all payments from customers for current or delinquent accounts after Closing.
- 10.14 Seller shall be responsible for paying all utility bills (electricity, phone, etc.) for usage through Closing.
- 10.15 This transaction shall be approved in writing by the ACC pursuant to A.R.S. 40-285.

#### **11. Indemnification.**

- 11.1 By Buyer. Buyer hereby agrees to indemnify Seller against, and to hold Seller harmless from and against any and all actions, suits, proceedings, demands, assessments, judgments, claims, damages, costs and expenses, including without limitation legal fees, court costs and disbursements, incurred by Seller relating to (i) the Assets or Business and arising from acts, occurrences or matters that occur from and after Closing, and (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any obligation under this Agreement on the part of Buyer.
- 11.2 By Seller. Seller hereby agrees to indemnify Buyer against, and to hold Buyer harmless from and against any and all actions, suits, proceedings, demands, assessments, judgments, claims, damages, costs and expenses,

including without limitation legal fees, court costs and disbursements, incurred by Buyer relating to (i) the Assets or Business and arising from acts, occurrences, matters or the use and operation of the Assets occur place prior to Closing, or (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any obligation under this Agreement on the part of the Seller.

## **12. Risk of Loss.**

- 12.1** Prior to Closing. The risk of loss for damage by fire or other casualty, or the taking by eminent domain, until Closing, shall remain the responsibility of Seller. Upon the occurrence of any material loss within ten (10) business days after notification thereof, Buyer may elect in writing to terminate this Agreement or close the sale. If an election to terminate the Agreement is made, any money on deposit shall be returned to Buyer with accrued interest thereon and this Agreement shall thereupon become null and void. In the alternative, if an election to proceed with Closing is made by Buyer, any insurance proceeds and/or condemnation award in connection with the loss shall be given to Buyer, but there shall be no adjustment to the Purchase Price.
- 12.2** After Closing. The risk of loss or damage by fire or other casualty, or other taking by eminent domain, shall be assumed by and be the responsibility of Buyer from and after Closing.

## **13. Default.**

### **13.1** Seller's Default.

- 13.1.1** Non-Monetary Default. For the purposes of this **Section 14** a "Non-Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance when that failure is the result of any action by a third party encumbering the Assets, by creating a cloud on the title of Seller's ownership status which is not practicably susceptible to financial satisfaction prior to Closing, and such encumbrance did not exist when the Commitment was received by Buyer.
- 13.1.2** Monetary Default. For the purpose of this **Section 14**, a "Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance, when that failure is a result of a monetary lien or encumbrance upon the Assets, which lien or encumbrance was not disclosed in the Commitment when received by Buyer, and which can be cured by the application of a portion of the Closing proceeds.

- 13.1.3** Seller's Willful Refusal. For the purpose of this **Section 14**, "Seller's Willful Refusal" shall mean the wrongful failure of Seller to close this transaction for reasons within Seller's control, after Buyer has tendered full performance.
- 13.1.4** Remedies. In the event of a default by Seller, Buyer's remedies shall be as follows:
- 13.1.4.1** In the event of a Non-Monetary Default, Buyer shall have ten (10) business days following such default in which to elect in writing to terminate this Agreement or waive the Non-Monetary Default and close this transaction. In the event Buyer elects to terminate this Agreement, this Agreement shall thereupon be null and void and the Earnest Money shall be immediately returned to the Buyer, together with any interest earned thereon. If Buyer elects to waive the Non-Monetary Default and close the transaction, the Closing shall occur within ten (10) business days after Buyer's written notice to close. There shall be no adjustment in the Purchase Price and Buyer shall accept whatever title Seller may be able to convey.
- 13.1.4.2** In the event of a Monetary Default, the Escrow Agent is hereby instructed to withhold from Seller's proceeds from the Closing an amount to be agreed upon by Seller and Buyer to cure the Monetary Default.
- 13.1.4.3** In the event of Seller's Willful Refusal, then Buyer shall be entitled to pursue its legal and equitable remedies as they may be available at law, including specific performance.
- 13.2** Buyer's Default. In the event Buyer fails to close this transaction after Seller has tendered full performance and all conditions to Buyer's obligations to close have been satisfied, (i) Seller shall be entitled to immediately receive the Earnest Money from the Escrow Agent as liquidated damages (and not as a penalty) for a portion of its damages incurred as a result of Buyer's default and (ii) Seller may in addition pursue all other rights and remedies at law and in equity, including specific performance. The parties specifically agree that the provisions of A.R.S. Section 33-741, et seq. shall not apply to this Agreement.

terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and Seller and Buyer hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of the Agreement, including (without limitation) any rule of law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the party whose attorney prepared the executed draft or any earlier draft thereof. The Rule of Strict Construction shall not be used to interpret this Agreement, but rather this Agreement shall be construed to provide each party with the benefit of the bargain it as struck with the other party.

- 15.3 If either party is in default or breach of the terms of this Agreement, including the representations and warranties set forth herein, the other party may seek specific performance of this Agreement, damages, rescission, or any other remedy or relief available in equity or at law.
- 15.4 Each of the parties hereto represents and warrants to each other party hereto that this Agreement has been duly authorized by all necessary action and that this Agreement constitutes and will constitute a binding obligation of each such party.
- 15.5 Each party hereto agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Agreement.
- 15.6 Time is of the essence of this Agreement and each and every provision hereof. However, if any action is required to be taken on a Saturday, Sunday or legal holiday, the action shall be deemed timely taken if it is taken on the next regular business day. Any extension of time granted for the performance of any duty under this Agreement shall not be considered an extension of time for the performance of any other duty under this Agreement; and, the parties' agreement to any such extension shall be reduced to writing.
- 15.7 All recitals, schedules and exhibits to this Agreement are fully incorporated herein and as though set forth at length herein.
- 15.8 This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs and personal representatives. Neither Buyer nor Seller shall assign this Agreement without the express prior written consent of the other party.
- 15.9 This Agreement constitutes the entire agreement between the parties,

#### **14. Meter Readings and Billings.**

##### **14.1 Meter Readings.**

- 14.1.1** Seller shall use its best effort to read all customer meters on the date of Closing, but in any event, all meters will be read within five (5) days after Closing (the "Final Reading").
- 14.1.2** Seller shall continue to bill in its usual sequence for water usage prior to Closing and may, at its option, delay its usual billing sequence to coincide with the Final Reading.
- 14.1.3** Seller shall bill for all services provided prior to the Final Reading at Seller's ACC-approved rates and charges. Buyer shall bill for all services provided after the Final Reading at Buyer's rates.
- 14.1.4** Buyer shall collect all payments for billings for services provided prior to the Final Reading and remit same to Seller for a period of thirty(30) days following final billing. Buyer will remit two payments to Seller of receipted payments. All receipts received within the first fifteen (15) days will be remitted within twenty (20) days of receipt thereof, remaining payments received within thirty (30) days following final billing will be remitted with a final payment from Buyer to Seller within forty-five (45) days of final billing. Any outstanding balances due to Seller after thirty (30) days shall be assigned to Buyer with the Assignment of Debt, attached hereto as exhibit O.

#### **15. General.**

- 15.1** Any notice that may be required under this Agreement shall be provided in writing and shall have an effective date as of (i) the date of physical delivery or (ii) five (5) calendar days after mailing or (iii) upon verified receipt of certified mail or registered mail return receipt requested, to the addresses set forth below or such other addresses as may hereafter be provided by the parties in writing:

City of Show Low	Park Valley/Fools Hollow Water Company, Inc.
Attn: City Manager	Attn: Victoria McCarty
550 N. 9 <sup>th</sup> Place	PO Box 487
Show Low, AZ 85901	Show Low, AZ 85901

- 15.2** The terms and provisions of this Agreement represent the results of negotiations between Seller and Buyer, each of which as been represented by counsel of its own choosing and none of which have acted under duress or compulsion, whether legal, economic or otherwise. Consequently, the

including any prior oral expressions or statements. This Agreement contains all the agreements and understandings of the parties. It supersedes any prior oral understandings or agreements, and can only be changed or terminated in writing. This Agreement may be amended at any time by mutual agreement of both parties, provided that before any amendment shall be operative, it must be reduced to writing and signed by both parties.

- 15.10** In any suit brought by either party to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.
- 15.11** The validity, construction, and effect of this Agreement shall be governed by the laws of the state of Arizona without regard to conflict of law principles.
- 15.12** The parties agree that any suit, action or proceeding arising out of this agreement may be submitted to the jurisdiction (both personal and subject matter) of the Arizona Superior Court and that proper venue for such suit, action or proceeding shall be Navajo County.
- 15.13** If any one or more of the provisions of this Agreement shall be held invalid or unenforceable, the validity and enforceability of all other provisions of this Agreement shall not be affected.
- 15.14** Pursuant to A.R.S. Section 38-511, Buyer may cancel this Agreement within three (3) years after its execution, without penalty or further obligations, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of Buyer is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of Seller in any capacity or a consultant to Seller with respect to the subject matter of the Agreement.
- 15.15** The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.
- 15.16** Each party represents and warrants to the other that it has not engaged or dealt with any broker or any other person who would be entitled to any brokerage commission concerning this sale and purchase of the Assets.
- 15.17** This Agreement shall not be assignable or otherwise transferable by any party hereto without the prior written consent of the other party, which consent shall not be unreasonably withheld.
- 15.18** All representations, warranties and covenants shall survive Closing.

**16. Covenant as to Conflict of Interest.**

Section 38-511, Arizona Revised Statutes, as amended, provides that City may, within three years after its execution, cancel any contract (including this Agreement), without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract (including in the case of this Agreement, Seller) in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City from any other party to the contract arising as a result of the contract.

**17. Additional Commitments by Seller.**

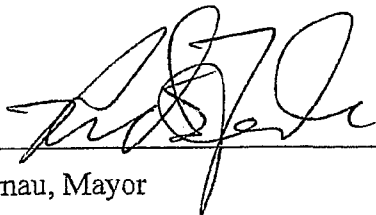
- 17.1** Between the date of this Agreement and Closing, and to the extent applicable under Section 41-440, Arizona Revised Statutes, as amended, Seller shall comply with all federal immigration laws and regulations that relate to its employees, if any, and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by Seller of the foregoing shall be deemed a material breach hereof and may result in the termination of this Agreement. Buyer retains the legal right to inspect the papers and records of Seller to ensure that Seller is complying with the above-mentioned warranty. Seller shall keep such papers and records open for inspection during normal business hours by Buyer. Seller shall cooperate with the inspections by Buyer including granting Buyer entry rights onto its property to perform such inspections and, to the extent required by law, waiving its respective rights to keep such papers and records confidential.
- 17.2** Pursuant to Sections 35-391.06 and 35-393.06, Arizona Revised Statutes, as amended, between the date of this Agreement and Closing, Seller does and shall not have a scrutinized business operation in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in Section 35-391 and 35-393, Arizona Revised Statutes, as amended, as applicable. If Buyer determines that Seller submitted a false certification, Buyer may impose remedies as provided by law including terminating this Agreement.

IN WITNESS WHEREOF, the parties have entered this Agreement effective as of the date first set forth above.

CITY OF SHOW LOW

PARK VALLEY WATER COMPANY,  
INC.

By



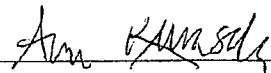
Rick Fernau, Mayor

By

FOOLS HOLLOW WATER  
COMPANY, INC.

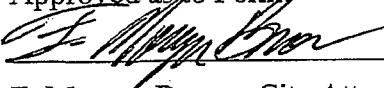
Victoria McCarty, President

Attested by:



Ann Kurasaki, Clerk

Approved as to Form:



F. Morgan Brown, City Attorney

Approved as to Form:

Lawrence V. Robertson, Jr., Attorney for  
Park Valley Water Company, Inc. and  
Fools Hollow Water Company, Inc.

IN WITNESS WHEREOF, the parties have entered this Agreement effective as of the date first set forth above.

CITY OF SHOW LOW

PARK VALLEY WATER COMPANY,  
INC.

FOOLS HOLLOW WATER  
COMPANY, INC.

By \_\_\_\_\_

Rick Fernau, Mayor

By Victoria McCarty  
Victoria McCarty, President

Attested by: \_\_\_\_\_

Ann Kurasaki, Clerk

Approved as to Form:

Approved as to Form:

\_\_\_\_\_  
F. Morgan Brown, City Attorney

Lawrence V. Robertson, Jr.  
Lawrence V. Robertson, Jr., Attorney for  
Park Valley Water Company, Inc. and  
Fools Hollow Water Company, Inc.



**Exhibit A**  
**List of Assets**

1-Continental Billing Software

**Exhibit B**

**Aid in Construction Agreements**

**Exhibit C**

**BILL OF SALE**

THIS BILL OF SALE ("**Bill of Sale**") is made this \_\_\_\_ day of \_\_\_\_\_, 2012 by Park Valley/Fools Hollow Water Company, Inc. ("**Seller**"), in favor of The City of Show Low, an Arizona Municipal Corporation ("**Purchaser**").

**WITNESSETH:**

WHEREAS, Seller and Purchaser entered into that certain Asset Purchase and Sale Agreement dated as of \_\_\_\_\_, 2011 ("**Agreement**") with respect to the sale of certain the Assets identified on Exhibit A to the Agreement. Any term with its initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Contract.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Purchaser all of the tangible personal property listed on the attached Exhibit A (the "**Property**").

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Purchaser and Seller.

This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of Arizona.

[**Seller**]

By:

By: \_\_\_\_\_  
Victoria McCarty, President

Exhibit "A" to Bill of Sale

List of Property

Exhibit D  
Certificates of Convenience and Necessity

Exhibit E  
Certificated Area

Exhibit F  
Service Area Map

Exhibit G  
List of Equipment

Exhibit H  
Description of Real Property

Exhibit I  
Assignment and Assumption of Contract Rights

Exhibit J  
Affidavit of Property Value

Exhibit K  
Warranty Deed

When recorded, please  
return to:  
City of Show Low  
Attn: City Manager  
550 N. 9<sup>th</sup> Place  
Show Low, AZ 85901

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That Park Valley Water Company, Inc., Grantor, in consideration of the sum of Ten and 00/100 Dollars (\$10.00), and other valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the City of Show Low, an Arizona municipal corporation, Grantee, all right, title, and interest in and to the following described real property and premises situated in Navajo County, Arizona, to-wit:

together with all and singular tenements, improvements, hereditaments, and appurtenances thereon and thereunto belonging or in any wise appertaining, and warrant the title to the same.

TO HAVE AND TO HOLD said described premises unto the said Grantees, their successors and assigns forever, free and clear and discharged of and from all former grants, charges, taxes, judgments, mortgages, and other liens and encumbrances of whatsoever nature.

SIGNED and DELIVERED this \_\_\_\_ day of \_\_\_\_\_, 2012.

PARK VALLEY WATER COMPANY, INC.

By \_\_\_\_\_

VICTORIA MCCARTY, PRESIDENT

STATE OF ARIZONA     )  
                                  ) ss  
County of Navajo        )

Acknowledgment. On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, a notary public, personally appeared: Victoria McCarty known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

### Warranty Deed

When recorded, please  
return to:  
City of Show Low  
Attn: City Manager  
550 N. 9<sup>th</sup> Place  
Show Low, AZ 85901

### WARRANTY DEED

#### KNOW ALL MEN BY THESE PRESENTS:

That Fools Hollow Water Company, Inc., Grantor, in consideration of the sum of Ten and 00/100 Dollars (\$10.00), and other valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the City of Show Low, an Arizona municipal corporation, Grantee, all right, title, and interest in and to the following described real property and premises situated in Navajo County, Arizona, to-wit:

together with all and singular tenements, improvements, hereditaments, and appurtenances thereon and thereunto belonging or in any wise appertaining, and warrant the title to the same.

TO HAVE AND TO HOLD said described premises unto the said Grantees, their successors and assigns forever, free and clear and discharged of and from all former grants, charges, taxes, judgments, mortgages, and other liens and encumbrances of whatsoever nature.

SIGNED and DELIVERED this \_\_\_\_ day of \_\_\_\_\_, 2012.

FOOLS HOLLOW WATER COMPANY, INC.

By \_\_\_\_\_  
VICTORIA MCCARTY, PRESIDENT

STATE OF ARIZONA     )  
                                      ) ss  
County of Navajo     )

Acknowledgment. On this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, a notary public, personally appeared: Victoria McCarty known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

Exhibit L

## Certificate of RUCO and ACC Assessments

Exhibit M  
Assignment of Water Rights

When Recorded, Return to:

David A. Brown  
Brown & Brown Law Offices, P.C.  
Post Office Box 1890  
St. Johns, Arizona 85936

ASSIGNMENT OF INTEREST IN WATER RIGHTS

PARK VALLEY WATER COMPANY, INC., an Arizona Corporation, (hereinafter referred to as "ASSIGNOR"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HEREBY ASSIGNS AND TRANSFERS to THE CITY OF SHOW LOW, an Arizona municipal corporation, all right, title and interest in and to the water rights appurtenant to the real property and leasehold estates described in Exhibit "A" and to the water rights used to service any customers of ASSIGNOR. ("the Water Rights").

The Water Rights include all rights, titles and interest in and to (1) all water uses associated with the real property and leasehold estates described in Exhibit "A" and, regardless of whether those water uses were registered with the State of Arizona, certificated in state water right filings, or claimed in *The General Adjudication of the Little Colorado River System and Source*, Apache County Superior Court No. 6417 ("the Adjudication"); (2) all certificates, registrations, claims, affidavits, notices and Adjudication claims for the water supplies and uses associated with the real property and leasehold estates described in Exhibit "A"; (3) all water uses used or useful in servicing any customers of ASSIGNOR; and (4) all equipment and improvements related to the water sources and uses.

ASSIGNOR has the full legal right and authority to execute this assignment and to transfer all Water Rights described herein.

ASSIGNOR agrees to execute such further documents as may be required to implement the transfer of the Water Rights.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Victoria McCarty, President,  
Park Valley Water Company Inc.

STATE OF ARIZONA     )  
  ) ss  
COUNTY OF \_\_\_\_\_)

The foregoing Assignment and Certification was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2012, by \_\_\_\_\_.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Exhibit A-would by Exhibit H to main agreement

## Assignment of Water Rights

When Recorded, Return to:

David A. Brown  
Brown & Brown Law Offices, P.C.  
Post Office Box 1890  
St. Johns, Arizona 85936

### ASSIGNMENT OF INTEREST IN WATER RIGHTS

FOOLS HOLLOW WATER COMPANY, INC., an Arizona Corporation, (hereinafter referred to as "ASSIGNOR"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HEREBY ASSIGNS AND TRANSFERS to THE CITY OF SHOW LOW, an Arizona municipal corporation, all right, title and interest in and to the water rights appurtenant to the real property and leasehold estates described in Exhibit "A" and to the water rights used to service any customers of ASSIGNOR. ("the Water Rights").

The Water Rights include all rights, titles and interest in and to (1) all water uses associated with the real property and leasehold estates described in Exhibit "A" and, regardless of whether those water uses were registered with the State of Arizona, certificated in state water right filings, or claimed in *The General Adjudication of the Little Colorado River System and Source*, Apache County Superior Court No. 6417 ("the Adjudication"); (2) all certificates, registrations, claims, affidavits, notices and Adjudication claims for the water supplies and uses associated with the real property and leasehold estates described in Exhibit "A"; (3) all water uses used or useful in servicing any customers of ASSIGNOR; and (4) all equipment and improvements related to the water sources and uses.

ASSIGNOR has the full legal right and authority to execute this assignment and to transfer all Water Rights described herein.

ASSIGNOR agrees to execute such further documents as may be required to implement the transfer of the Water Rights.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Victoria McCarty, President,  
Fools Hollow Water Company Inc.

STATE OF ARIZONA     )  
  ) ss  
COUNTY OF \_\_\_\_\_)

The foregoing Assignment and Certification was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2012, by \_\_\_\_\_.

My commission expires: \_\_\_\_\_ Notary Public

\_\_\_\_\_

Exhibit A-would by Exhibit H to main agreement

Exhibit N  
Maintenance Contracts

# **Appendix “D”**

**Park Valley/Fools Hollow and Show Low  
(Park Valley’s and Fools Hollow’s Rate  
Schedules)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

# WATER TARIFF SCHEDULE

UTILITY: Park Valley Water Company  
DOCKET NO: W-01653A-98-0194

DECISION NO: 61099  
EFFECTIVE: 9/1/98

**ORIGINAL**

## RATES AND CHARGES

### CUSTOMER/MINIMUM CHARGES PER MONTH

<u>METER</u>	<u>CHARGES</u>	<u>GALLONS</u>
5/8 X 3/4"	\$14.00	0
3/4"	\$14.00	0
1"	\$35.00	0
1 1/2"	\$70.00	0
2"	\$112.00	0
3"	\$210.00	0
4"	\$350.00	0
6"	\$700.00	0

### SERVICE LINE & METER INSTALLATION CHARGES

<u>METER</u>	<u>CHARGES</u>
5/8 X 3/4"	\$400.00
3/4"	\$440.00
1"	\$500.00
1 1/2"	\$700.00
2"	\$1,000.00
3"	\$1,500.00
4"	\$2,200.00
6"	\$4,500.00

### COMMODITY CHARGE:

PER 1,000 GALLONS \$2.65

### SERVICE CHARGES

1. ESTABLISHMENT (R14-2-603.D.1)	25.00
2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2)	35.00
3. RECONNECTION/DELINQUENT (R14-2-403.D.1)	25.00
4. NSF CHECK (R14-2-409)	15.00
5. METER REREAD/IF CORRECT (R14-2-403.C.2)	10.00
6. METER TEST/IF CORRECT (R14-2-408.F.1)	20.00
7. DEFERRED PAYMENT (PER MONTH)	1.50%
8. LATE PAYMENT PENALTY (PER MONTH)	1.50%
9. DEPOSIT INTEREST	PER RULE
10. DEPOSIT (R14-2-403.B.7)	PER RULE
11. RE-ESTABLISHMENT W/N 12 MONTHS	MONTHS OFF SYSTEM TIMES
	MONTHLY MINIMUM

### MONTHLY SERVICE CHARGE FOR FIRE SPRINKLER:

4" OR SMALLER; 6"; 8"; 10"; AND LARGER THAN 10" :

1% OF MONTHLY MINIMUM FOR A COMPARABLE SIZED METER CONNECTION, BUT NO LESS THAN \$5.00 PER MONTH. THE SERVICE CHARGE FOR FIRE SPRINKLERS IS ONLY APPLICABLE FOR SERVICE LINES SEPARATE AND DISTINCT FROM THE PRIMARY WATER SERVICE LINE.

### OTHER RATES AND CHARGES APPROVED BY ORDER

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH R14-2-409.D.5.

APPROVED FOR FILING

(6/23/00) \* NOTE: Can only charge 2.65 conn fee for water used w/  
fire hydrant meter, per Claudio Hernandez, A.C.C.)

### WATER TARIFF SCHEDULE

UTILITY: Fools Hollow Water Company  
ACCOUNT NO: W-02042A-98-0195

DECISION NO: 61108  
EFFECTIVE: 9/1/98

**ORIGINAL**

### RATES AND CHARGES

#### CUSTOMER/MINIMUM CHARGES PER MONTH

<u>METER</u>	<u>CHARGES</u>	<u>GALLONS</u>
5/8 X 3/4"	\$14.00	0
3/4"	\$14.00	0
1"	\$35.00	0
1 1/2"	\$70.00	0
2"	\$112.00	0
3"	\$210.00	0
4"	\$350.00	0
6"	\$700.00	0

#### SERVICE LINE & METER INSTALLATION CHARGES

<u>METER</u>	<u>CHARGES</u>
5/8 X 3/4"	\$400.00
3/4"	\$440.00
1"	\$500.00
1 1/2"	\$700.00
2"	\$1,000.00
3"	\$1,500.00
4"	\$2,200.00
6"	\$4,500.00

#### COMMODITY CHARGE:

PER 1,000 GALLONS

\$2.65

#### SERVICE CHARGES

1. ESTABLISHMENT (R14-2-603.D.1)	25.00
2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2)	35.00
3. RECONNECTION/DELINQUENT (R14-2-403.D.1)	25.00
4. NSF CHECK (R14-2-409)	15.00
5. METER REREAD/IF CORRECT (R14-2-403.C.2)	10.00
6. METER TEST/IF CORRECT (R14-2-408.F.1)	20.00 (PLUS TESTING COSTS)
7. DEFERRED PAYMENT (PER MONTH)	1.50%
8. LATE PAYMENT PENALTY (PER MONTH)	1.50%
9. DEPOSIT INTEREST	PER RULE
10. DEPOSIT (R14-2-403.B.7)	PER RULE
11. RE-ESTABLISHMENT W/N 12 MONTHS	MONTHS OFF SYSTEM TIMES MONTHLY MINIMUM

#### MONTHLY SERVICE CHARGE FOR FIRE SPRINKLER:

4" OR SMALLER; 6"; 8"; 10"; AND LARGER THAN 10" :  
1% OF MONTHLY MINIMUM FOR A COMPARABLE SIZED METER CONNECTION, BUT NO LESS THAN \$5.00 PER MONTH. THE  
SERVICE CHARGE FOR FIRE SPRINKLERS IS ONLY APPLICABLE FOR SERVICE LINES SEPARATE AND DISTINCT FROM THE  
PRIMARY WATER SERVICE LINE.

#### OTHER RATES AND CHARGES APPROVED BY ORDER

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM CUSTOMERS  
THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH R14-2-409.D.5.

APPROVED FOR FILING  
DECISION # 61108

# **Appendix “E”**

**Park Valley/Fools Hollow and Show Low  
(Show Low’s Rate Schedule)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

**CITY OF SHOW LOW RESOLUTION NO. R2011-17**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY  
OF SHOW LOW, ARIZONA, ADOPTING RATES, DEFINITIONS,  
FEES, AND REGULATIONS FOR WATER AND WASTEWATER  
SERVICES**

**RECITALS:**

**WHEREAS**, Articles 11-5, and 14-5 of the Show Low City Code authorize the City Council to adopt fees applicable to sewer and water connections and their use; and

**WHEREAS**, the City of Show Low has the requisite statutory authority to acquire, own, and maintain a water and wastewater utilities for the benefit of the landowners within and without the City's corporate boundaries pursuant to the provision of Arizona Revised Statutes 9-511 et. seq.; and

**WHEREAS**, the City of Show Low is a political subdivision of the State of Arizona, and pursuant to Article 13, Section 7 of the Arizona Constitution, is vested with all the rights, privileges and benefits, and entitled to the immunities and exemptions granted municipalities and political subdivisions under the Constitution and laws of the State of Arizona and the United States; and

**WHEREAS**, the City of Show Low now finds it necessary to adjust water and wastewater rates for the City of Show Low Municipal Water and Wastewater Utilities in accordance with Arizona Revised Statutes § 9-511.01.

**ENACTMENTS:**

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Council of the City of Show Low, Arizona, as follows:

**Section 1**

Resolution No. R2008-35, adopted August 19, 2008, is hereby superseded by this Resolution No. R2011-17.

**Section 2**

Any previous resolutions that have been adopted to establish definitions, fees, and regulations as outlined below are hereby superseded by this Resolution No. R2011-17.

**Section 3**

As authorized by the Show Low City Code, the following wastewater rates and effective dates shall be adopted:

R2011-17

Wastewater Rates					
		July 1, 2011		January 1, 2013	
	Description	Base Fee	Rate per 1,000/gal	Base Fee	Rate per 1,000/gal
	Residential	26.78	n/a	27.58	n/a
	Residential - Low Pressure	37.08	n/a	38.19	n/a
	Commercial	21.12	2.42	22.71	2.60
	Commercial - Low Pressure	32.38	2.42	34.81	2.60

To aid the transition to a uniform wastewater usage rate, all existing businesses with active accounts on the date of implementation within rate codes 310, 311, 314, 316, 318, and 320 will have the usage rate per 1,000 gallons phased in as follows:

Effective Dates	% of Adopted Rate	Rate per 1,000 gallons
July 1, 2011 – December 31, 2012	75%	\$1.82
January 1, 2013 – December 31, 2013	85%	\$2.21
January 1, 2014	100%	Adopted Rate

#### **Section 4**

As authorized by the Show Low City Code, the following water rates and effective dates shall be adopted:

Water Rates						
			July 1, 2011		January 1, 2013	
Rate Code	Meter Sizes	Usage Allowance	Base Fee	Rate per 1,000/gal	Base Fee	Rate per 1,000/gal
101	5/8 - 3/4"	5,000	24.00	2.36	26.64	2.62
102	1"	5,000	37.10	2.36	41.18	2.62
103	1 1/2"	11,000	77.98	2.36	86.56	2.62
104	2"	22,000	167.72	2.36	186.17	2.62
105	3"	44,000	345.27	2.36	383.25	2.62
106	4" +	67,000	556.49	2.36	617.70	2.62

For all services located outside the Show Low city limits, a 25% premium will be added to the rates charged by the City. The following outside-city-limits water rates and effective dates shall be adopted:

Outside City Limits Rates						
			July 1, 2011		January 1, 2013	
Rate Code	Meter Sizes	Usage Allowance	Base Fee	Rate per 1,000/gal	Base Fee	Rate per 1,000/gal
111	5/8 - 3/4"	5,000	30.00	2.95	33.30	3.28
112	1"	5,000	46.38	2.95	51.48	3.28
113	1 1/2"	11,000	97.48	2.95	108.20	3.28
114	2"	22,000	209.65	2.95	232.71	3.28
115	3"	44,000	431.59	2.95	479.06	3.28
116	4" +	67,000	695.61	2.95	772.13	3.28

## **Section 5**

For all new connections outside the city limits there will be an impact on the existing infrastructure and capacity requirements of the water system, and a need to fund system improvements and expansion. As authorized by the Show Low City Code, the following fees shall be adopted:

<b>Outside City Limits - Water System Fees</b>	
Meter Sizes	System Fee
5/8 "	1,018.75
3/4"	1,458.75
1"	2,477.50
1 1/2"	4,813.75
2"	7,696.25
3" Compound	15,558.75
3" Turbine	17,448.75
4" Compound	24,782.50
4" Turbine	29,892.50

\*Meter fee is not included and will be charged at current adopted rates

## **Section 6**

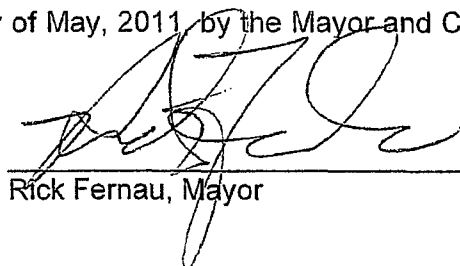
As authorized by the Show Low City Code, the following miscellaneous fees shall be adopted:

<b>Miscellaneous Rates</b>		
Rate Code	Description	Base Fee
2101	Water Rights Preservation Fee (per month/per active water account)	0.75
	Seasonal/Inactive Status	200.00
	- Includes connect/disconnect fee for water customers	
	- Fee may be paid in installments over a period not to exceed 6-months	
	- Entire fee must be paid prior to re-connection	
	- Includes all services, no time limit on inactive status	
	Water Connection	25.00
	Water Disconnect	25.00
	After Hours Call Out	40.00
	Re-Read/Read Only	25.00
	Bulk Meter Activation	150.00
	Bulk Meter Deposit	800.00
	Non-Sufficient Funds fee	25.00
	Late Fee	10.00
	Security Deposit	150.00
	- with autopay sign up and continued active	75.00
	- refunded after 12 consecutive months of prompt payment	
	- may be waived with letter of credit showing 1-year of prompt payment history from previous utility	
	Non-pay Wastewater physical disconnect	600.00

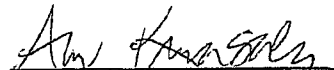
**Section 7**

CPI Adjustment. Commencing on January 1, 2014 and on each January 1 thereafter the then-current base fees and rates shall be automatically adjusted by the average annual percent change in the Consumer Price Index (CPI) for All Urban Consumers (CPI-U), West Region, 1982-84+100, published by the United States Bureau of Labor Statistics (BLS), during the prior 12-month period ending September 30. The City shall refer to the BLS Internet site (<http://stats.bls.gov/cpi/>) or other BLS source to calculate the CPI-adjusted base rates and fees. In the event the BLS discontinues publishing the CPI and or the CPI-U, the City Manager shall select a comparable index then being published.


**PASSED AND ADOPTED** this 17th day of May, 2011, by the Mayor and Council of the City of Show Low, Arizona.

  
Rick Fernau, Mayor

ATTEST:

  
Ann Kurasaki, City Clerk

APPROVED AS TO FORM:

  
F. Morgan Brown, City Attorney

---

# **Appendix “F”**

Park Valley/Fools Hollow and Show Low  
(Park Valley’s Certificate of Good Standing)

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
**CERTIFICATE OF GOOD STANDING**

*To all to whom these presents shall come, greeting:*

*I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that*

**\*\*\*PARK VALLEY WATER COMPANY, INC.\*\*\***

*a domestic corporation organized under the laws of the State of Arizona, did incorporate on February 27, 1986.*

*I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.*

*This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.*

**IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 29th Day of December, 2011, A. D.**



  
\_\_\_\_\_  
Executive Director

By: \_\_\_\_\_ 703321

# Appendix “G”

Park Valley/Fools Hollow and Show Low  
(Fools Hollow’s Certificate of Good Standing)

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
**CERTIFICATE OF GOOD STANDING**

*To all to whom these presents shall come, greeting:*

*I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that*

**\*\*\*FOOLS HOLLOW WATER COMPANY, INC.\*\*\***

*a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 14, 1986.*

*I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.*

*This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.*

*IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 29th Day of December, 2011, A. D.*



  
\_\_\_\_\_  
Executive Director

By: \_\_\_\_\_ 703318

# **Appendix “H”**

**Park Valley/Fools Hollow and Show Low  
(ADWR Compliance Status Report for Park  
Valley and Fools Hollow)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

**JANICE K. BREWER**  
Governor



**SANDRA A. FABRITZ-WHITNEY**  
Director

## ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor  
PHOENIX, ARIZONA 85012-2105  
(602) 771-8500

### Water Provider Compliance Report

Compliance Requirement	Compliance Determination			
	Compliant	Non-Compliant	Undetermined	Not Applicable
<b><i>Assured/Adequate Water Supply Program</i></b>				
1. Designation of assured or adequate water supply in good standing				X
2. Annual Report filed on-time				X
<b><i>Community Water Systems Program</i></b>				X
1. Annual Report filed on-time (outside AMAs)	X			
2. System Water Plan filed on-time	X			
<b><i>Active Management Areas (AMAs)</i></b>				
1. Annual Report filed on-time				X
2. Annual Report filed on-time for INAs (non-exempt wells only)				X
3. Management Plan Requirements				X
a. Lost and Unaccounted for Water <10% of total use for large providers				X
b. Lost and Unaccounted for Water <15% of total use for small providers				X
c. Annual submission of service area distribution maps				X
d. ACP requirements are met				X
e. GPCD Program requirements are met				X
f. NPCCP requirements are met				X
g. MNPCCP requirements are met				X
h. Individual User requirements are met				X
4. Permitted well volumes				X
5. Type I and Type II Non-IGFR withdrawal authority				X
6. Maintenance of approved/accurate measuring devices (INAs also)				X
7. Groundwater transportation restrictions				X
8. Groundwater deliveries to other AMA water providers				X

**ADWR Compliance Determination**

  X   The Arizona Department of Water Resources, as of the report completion date, has determined that this water system is currently **compliant** with departmental requirements governing water providers and/or community water systems.

       The Arizona Department of Water Resources, as of the report completion date, has determined that this water system is currently **non-compliant** with departmental requirements governing water providers and/or community water systems.

If you have any additional questions or concerns regarding the compliance status of this water system please contact Andrew Craddock, ADWR Compliance Coordinator at (602) 771-8615.

# **Appendix “I”**

**Park Valley/Fools Hollow and Show Low  
(Arizona Department of Health Services  
Approval to Operate)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

## APPROVAL TO OPERATE

Project Description: Installation of a new water system between  
Fool's Hollow & Park Valley Water Co's Project  
includes ~7200 L.F. of 6" water line, new 10,000 g.

Location: Show Low

Project Owner: Jim McCarty

Address: Box 487

City, State:

& Zip Code: Show Low AZ 85901

Approval to operate the above-described facilities as represented in the approved plan documents on file with the Arizona Department of Health Services is hereby given subject to the following provisions:

(✓) On June 5, 1985, the above-referenced project was issued an Approval to Construct.

( ) On \_\_\_\_\_, \_\_\_\_\_, P. E., certified construction inspections were performed and the referenced project was built in accordance with the approved plans and specifications.

(✓) On Sept 9, 1986, Ronell P. Mathurin, P. E., certified construction inspections were performed and the referenced project was built in accordance with the as-built plans and specifications.

( ) On \_\_\_\_\_, \_\_\_\_\_, a cursory inspection of the project was performed by \_\_\_\_\_, Environmental Engineering Specialist, of the Northern Regional Office of Waste and Water Quality Management. No detailed construction inspection was performed. The project appears to be constructed in accordance with the approved plans and specifications. However, good construction practice dictates that a resident inspector be on site at all times during construction. The cursory inspection by personnel of this Office does not provide a substitute for a resident inspector under the supervision of a Professional Engineer. This should not be construed nor implied as a guarantee or warranty of the quality of the construction.

This project requires that the 2 systems be  
operated as one system: Park Valley - Fool's  
Hollow Water Co using the 09-011 number.

The State law, A.R.S. 36-136, G., 6 or 9, requires that the operation of the project must be in accordance with the rules and regulations of the Arizona Department of Health Services.

Date Approved: 10-15-86

HRH: RED:hms

System Number 09-011

cc: File No. 850137

Technical Review, OW&WQM, Phoenix  
County Health Department Navajo

Harley R. Hiett  
Harley R. Hiett, P. E., Manager  
Northern Regional Office  
Office of Waste and Water Quality Management

Mathurin Even

# **Appendix “J”**

**Park Valley/Fools Hollow and Show Low  
(ADEQ Compliance Status Report for Park  
Valley and Fools Hollow)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

**Arizona Department of Environmental Quality**  
**Drinking Water Monitoring and Protection Unit**  
 Mail Code 5415B-2  
 1110 West Washington Street  
 Phoenix, AZ 85007

## Drinking Water Compliance Status Report

<b>System Name</b> PARK VALLEY-FOOLS HOLLOW	<b>System Type</b> <input checked="" type="checkbox"/> Community <input type="checkbox"/> Non-transient Non-community <input type="checkbox"/> Transient Non-community	<b>Is system consecutive?</b> <input type="checkbox"/> Yes, to PWS # <input checked="" type="checkbox"/> No
<b>System ID #</b> 09011		

<b>Overall compliance status</b>	<input checked="" type="checkbox"/> No major deficiencies <input type="checkbox"/> Major deficiencies	
<b>Monitoring and Reporting status</b>	<input checked="" type="checkbox"/> No major deficiencies <input type="checkbox"/> Major deficiencies	

Comments: Arsenic - EPDS001 triggered increased monitoring beginning the 3Q11, following an individual sample of 19 ppb on 5/9/11 (the MCL is 10 ppb). The samples prior to this date were all below the MCL, and samples pulled during the third and fourth quarter 2011 were also below the MCL. The system is now on quarterly sampling to determine if the running annual average exceeds the MCL.

<b>Operation and Maintenance status</b>	<input checked="" type="checkbox"/> No major deficiencies <input type="checkbox"/> Major deficiencies	
<b>Date of last Sanitary Survey</b>	9-21-11	<b>Inspector</b> Steve Camp, NRO

Major unresolved/ongoing operation and maintenance deficiencies:

<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage
<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule
<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC
<input type="checkbox"/> certified operator	<input type="checkbox"/> other =

Comments: None

<b>Is an ADEQ administrative order in effect?</b>	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Comments: None				

System Information	
Population Served	2704
Service Connections	1036
Number of Entry Points to the Distribution System	3
Number of Sources	4
Initial Monitoring Year	1993
Monitoring Assistance Program (MAP) System	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

<b>Evaluation completed by</b>	Donna Calderon, Manager Drinking Water Monitoring and Protection Unit		
<b>Phone</b>	602-771-4641	<b>Date</b>	January 20, 2012

<input checked="" type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and <b>PWS is in compliance.</b>
<input type="checkbox"/>	Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or <b>PWS is not in compliance.</b>
<input type="checkbox"/>	Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or <b>PWS is not in compliance.</b>

***This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.***

**Arizona Department of Environmental Quality**  
**Drinking Water Monitoring and Protection Unit**  
 Mail Code 5415B-2  
 1110 West Washington Street  
 Phoenix, AZ 85007

### Drinking Water Compliance Status Report


<b>System Name</b>	<b>System Type</b>	<b>Is system consecutive?</b>
PARK VALLEY WATER CO NAVAJO	<input type="checkbox"/> Community	<input type="checkbox"/> Yes, to PWS #
<b>System ID #</b>	<input type="checkbox"/> Non-transient Non-community	<input checked="" type="checkbox"/> No
09019	<input type="checkbox"/> Transient Non-community	

<b>Overall compliance status</b>	<input type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
<b>Monitoring and Reporting status</b>	<input type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Comments: INACTIVE - ADEQ records show this system merged with PWS ID# 09011, Fools Hollow Water Company on 9/26/1986.		

<b>Operation and Maintenance status</b>	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
<b>Date of last Sanitary Survey</b>	9-10-96	<b>Inspector</b> UNKNOWN
Major unresolved/ongoing operation and maintenance deficiencies:		
<input type="checkbox"/> unable to maintain 20psi <input type="checkbox"/> cross connection/backflow problems <input type="checkbox"/> treatment deficiencies <input type="checkbox"/> certified operator <input type="checkbox"/> inadequate storage <input type="checkbox"/> surface water treatment rule <input type="checkbox"/> ATC/AOC <input type="checkbox"/> other =		
Comments: INACTIVE - NON PUBLIC		

<b>Is an ADEQ administrative order in effect?</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Comments:		

System Information	
Population Served	0
Service Connections	497
Number of Entry Points to the Distribution System	INACTIVE
Number of Sources	INACTIVE
Initial Monitoring Year	N/A
Monitoring Assistance Program (MAP) System	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

<b>Evaluation completed by</b>	Donna Calderon, Manager  Drinking Water Monitoring and Protection Unit		
<b>Phone</b>	602-771-4641	<b>Date</b>	January 18, 2012
<input type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and <b>PWS is in compliance.</b>		
<input type="checkbox"/>	Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or <b>PWS is not in compliance.</b>		
<input type="checkbox"/>	Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or <b>PWS is not in compliance.</b>		

***This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.***

# **Appendix “K”**

Park Valley/Fools Hollow and Show Low  
(ADWR Compliance Status Report for Show  
Low)

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

**JANICE K. BREWER**  
Governor



**SANDRA A. FABRITZ-WHITNEY**  
Director

## ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor  
PHOENIX, ARIZONA 85012-2105  
(602) 771-8500

### Water Provider Compliance Report

Compliance Requirement	Compliance Determination			
<i>Assured/Adequate Water Supply Program</i>	Compliant	Non-Compliant	Undetermined	Not Applicable
1. Designation of assured or adequate water supply in good standing	X			
2. Annual Report filed on-time	X (Initial filing due 3/31/2012)			
<i>Community Water Systems Program</i>				
1. Annual Report filed on-time (outside AMAs)	X			
2. System Water Plan filed on-time	X			
<i>Active Management Areas (AMAs)</i>				
1. Annual Report filed on-time				X
2. Annual Report filed on-time for INAs (non-exempt wells only)				X
3. Management Plan Requirements				X
a. Lost and Unaccounted for Water <10% of total use for large providers				X
b. Lost and Unaccounted for Water <15% of total use for small providers				X
c. Annual submission of service area distribution maps				X
d. ACP requirements are met				X
e. GPCD Program requirements are met				X
f. NPCCP requirements are met				X
g. MNPCCP requirements are met				X
h. Individual User requirements are met				X
4. Permitted well volumes				X
5. Type I and Type II Non-IGFR withdrawal authority				X
6. Maintenance of approved/accurate measuring devices (INAs also)				X
7. Groundwater transportation restrictions				X
8. Groundwater deliveries to other AMA water providers				X

**ADWR Compliance Determination**

  X   The Arizona Department of Water Resources, as of the report completion date, has determined that this water system is currently **compliant** with departmental requirements governing water providers and/or community water systems.

       The Arizona Department of Water Resources, as of the report completion date, has determined that this water system is currently **non-compliant** with departmental requirements governing water providers and/or community water systems.

If you have any additional questions or concerns regarding the compliance status of this water system please contact Andrew Craddock, ADWR Compliance Coordinator at (602) 771-8615.

# **Appendix “L”**

**Park Valley/Fools Hollow and Show Low  
(ADEQ Compliance Status Report for Show  
Low)**

Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

**Arizona Department of Environmental Quality**  
**Drinking Water Monitoring and Protection Unit**  
 Mail Code 5415B-2  
 1110 West Washington Street  
 Phoenix, AZ 85007

### Drinking Water Compliance Status Report

<b>System Name</b>	<b>System Type</b>	<b>Is system consecutive?</b>
CITY OF SHOW LOW	<input checked="" type="checkbox"/> Community	<input type="checkbox"/> Yes,
<b>System ID #</b>	<input type="checkbox"/> Non-transient Non-community	to PWS #
09026	<input type="checkbox"/> Transient Non-community	<input checked="" type="checkbox"/> No

<b>Overall compliance status</b>	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
<b>Monitoring and Reporting status</b>	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Comments: None		

<b>Operation and Maintenance status</b>	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
<b>Date of last Sanitary Survey</b>	2-17-11	<b>Inspector</b> Steve Camp, NRO
Major unresolved/ongoing operation and maintenance deficiencies:		
<input type="checkbox"/> unable to maintain 20psi <input type="checkbox"/> cross connection/backflow problems <input type="checkbox"/> treatment deficiencies <input type="checkbox"/> certified operator <input type="checkbox"/> inadequate storage <input type="checkbox"/> surface water treatment rule <input type="checkbox"/> ATC/AOC <input type="checkbox"/> other =		
Comments: Recommendation on this sanitary survey were for Source: need to put well numbers at well site.		

<b>Is an ADEQ administrative order in effect?</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Comments: None		

System Information	
Population Served	10854
Service Connections	4698
Number of Entry Points to the Distribution System	7
Number of Sources	8
Initial Monitoring Year	1995
Monitoring Assistance Program (MAP) System	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

<b>Evaluation completed by</b>	Donna Calderon, Manager Drinking Water Monitoring and Protection Unit		
<b>Phone</b>	602-771-4641	<b>Date</b>	January 4, 2012
<input checked="" type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and <b>PWS is in compliance.</b>		
<input type="checkbox"/>	Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or <b>PWS is not in compliance.</b>		
<input type="checkbox"/>	Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or <b>PWS is not in compliance.</b>		

***This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.***

# **Appendix “M”**

**Park Valley/Fools Hollow and Show Low  
(Water Use Data Sheet for Park Valley’s and  
Fools Hollow’s Customers for Thirteen Months  
Ended November 25, 2011)**

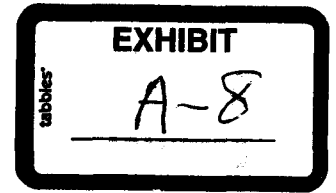
Park Valley / Fools Hollow  
Docket Nos. W-01653A-11-\_\_\_\_ / W-02042A-11-\_\_\_\_

**Fools Hollow - Park Valley Water Companies**  
**Water Consumption for 13 Months Ending 11-25-2011**

<b>Read Month</b>	<b>FHWC</b>	<b>PVWC</b>	
Nov-10	1,050,993	2,109,773	
Dec-10	967,620	1,976,083	
Jan-11	1,090,949	2,318,424	
Feb-11	945,437	1,888,440	
Mar-11	920,818	1,731,004	
Apr-11	1,818,933	3,371,365	
May-11	1,811,641	3,568,250	
Jun-11	2,556,872	5,039,584	
Jul-11	2,775,983	5,603,835	
Aug-11	1,835,026	3,684,351	
Sep-11	1,997,350	3,941,145	
Oct-11	1,244,634	2,655,452	
Nov-11	989,913	1,950,852	
<b>Totals</b>	<b>20,006,169</b>	<b>39,838,558</b>	<b>59,844,727</b>

12/19/2011

**Exhibit A-8**  
**Victoria McCarty**



**February 23, 2012 FHWC Application**

**June 11, 2012 ACC Hearing**  
**Park Valley Water Company, Inc.**  
**Fools Hollow Water Company, Inc.**  
**Docket Nos. W-01653A-12-0043**  
**and W-02042A-12-0062**

ORIGINAL

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

Arizona Corporation Commission

2012 FEB 23 P 2:04

DOCKETED

FEB 23 2012

AZ CORP COMMISSION  
DOCKET CONTROL

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

DOCKETED BY	nr
-------------	----

W-02042A-12-0062

IN THE MATTER OF THE APPLICATION OF )  
FOOLS HOLLOW WATER COMPANY FOR AN ) DOCKET NO. W-02042A-12-\_\_\_\_  
OPINION AND ORDER (i) AUTHORIZING SALE )  
AND TRANSFER OF WATER SYSTEM ASSETS, ) APPLICATION OF FOOLS  
AND (ii) CANCELLING CERTIFICATES OF ) HOLLOW WATER COMPANY  
CONVENIENCE AND NECESSITY. )

INTRODUCTION

On February 6, 2012, the undersigned counsel filed a Joint Application on behalf of Park Valley Water Company ("Park Valley") and Fools Hollow Water Company ("Fools Hollow") requesting an Opinion and Order of the Commission (i) authorizing the sale and transfer of the Park Valley and Fools Hollow water system assets to the City of Show Low ("Show Low") and (ii) cancelling the associated certificates of convenience and necessity related to each of the aforesaid water systems. In that regard, the Park Valley and Fools Hollow water systems (i) have the same ownership, (ii) are physically adjacent to one another and interconnected with one another, and (iii) are operated as one (1) water system pursuant to an October 15, 1986 Approval to Operate issued by the Arizona Department of Health Services.

On February 15, 2012, the undersigned counsel was advised by the Commission's Docket Control that the Commission's Hearing Division had determined that (i) separate Applications would need to be filed for Park Valley and Fools Hollow, respectively, and (ii) a Motion To Consolidate the two (2) separate Applications would need to be filed by Park Valley and Fools Hollow, respectively, with the Commission's Docket Control. During that same telephone conversation, the Commission's Docket Control representative and the undersigned counsel agreed that the Joint Application filed on February 6, 2012 would be deemed to be the

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ATTORNEY AT LAW  
P.O. Box 1448  
Tubac, Arizona 85646  
(520) 398-0411

1 Application of Park Valley, with the Docket Control designation of Docket No. W-01653A-12-  
2 0043; and, the instant Application would be treated as the Application of Fools Hollow, which  
3 would be assigned a separate Docket Control designation upon filing.

4 Accordingly, pursuant to A.R.S. § 40-285 and A.R.S. 40-282, Fools Hollow, by and  
5 through its undersigned counsel, submits this Application for an Opinion and Order of the  
6 Commission (i) authorizing the sale and transfer of the water system assets of Fools Hollow, and  
7 (ii) cancelling the associated certificates of convenience and necessity. In support of its  
8 Application, Fools Hollow submits the following information.<sup>1</sup>

9 I.

10 BACKGROUND

11 In late November 2011, representatives of Park Valley and Fools Hollow and the City of  
12 Show Low, Arizona ("Show Low") reached agreement on the substantive provisions of an Asset  
13 Purchase and Sale Agreement ("Agreement"). The Agreement was executed by the President of  
14 Park Valley and Fools Hollow on December 2, 2011, and by the Mayor of Show Low on  
15 December 6, 2011, following unanimous approval of the Agreement by the Show Low City  
16 Council on December 6, 2011. The Agreement provides for (i) the sale and transfer of Park  
17 Valley's and Fools Hollow's respective water system assets to Show Low, subject to prior  
18 approval by the Commission, and (ii) the cancellation of Park Valley's and Fools Hollow's  
19 associated certificates of convenience and necessity.<sup>2</sup>

22 <sup>1</sup> Inasmuch as Fools Hollow and Park Valley are (i) commonly owned, (ii) adjacent to one another and  
23 interconnected with one another, (iii) operated as one system and (iv) requesting the same action(s) from the  
24 Commission, the text of the remainder of this Application and the supporting Appendices are identical to that  
25 contained in the aforesaid February 6, 2012 Joint Application, which was docketed in the name of Park Valley at  
26 Docket No. W-01653A-12-0043. Fools Hollow believes that this approach will reflect the inter-related nature of the  
27 Park Valley and Fools Hollow Applications, and also minimize the expense to the client of preparing two (2)  
28 separate Applications.

<sup>2</sup> Park Valley's currently certificated service area is the result of Commission Decision No. 31739 (August 12,  
1959), Decision No. 38537 (June 9, 1966) and Decision No. 43620 (August 30, 1973). Fools Hollow's currently  
certificated service area is the result of Commission Decision No. 39206 (October 13, 1967) and Decision No.  
43619 (August 30, 1973). Copies of those decisions are attached hereto as Appendix "A" and incorporated herein  
by this reference. Attached hereto as Appendix "B" and incorporated herein by this reference is a copy of a map  
which depicts Park Valley's and Fools Hollow's certificated service areas (i) in relation to one another and (ii) in  
relation to Show Low's water service area.

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Tubac, Arizona 85646  
(520) 398-0411

1 Park Valley currently provides water service to approximately 635 residential customers.  
2 Fools Hollow currently provides water service to approximately 335 residential customers. At  
3 present, a staff of two (2) employees oversees Park Valley's and Fools Hollow's water system  
4 operations.

5 Show Low currently owns and operates a municipal water utility system, which provides  
6 water service to approximately 5,500 residential and 600 commercial customers. At present, a  
7 staff of fourteen (14) full-time employees oversees Show Low's water system operations.

8 As indicated in Appendix "B," Park Valley's and Fools Hollow's certificated water  
9 service areas are adjacent to one another and located within Show Low's municipal water service  
10 area. In that regard, both systems are in a geographic area which would allow Show Low to  
11 integrate and strengthen its presence as a regional water provider. In addition, Show Low has  
12 access to means for financing water system infrastructure additions and capital improvements  
13 which are not available to Park Valley and Fools Hollow. Thus, Show Low would be in a  
14 position to better accommodate future growth in Park Valley's and Fools Hollow's certificated  
15 water service areas without an adverse impact on the level and quality of service Park Valley and  
16 Fools Hollow currently provide to their respective customers. Finally, Park Valley and Fools  
17 Hollow are owned by a Trust, the beneficiaries of which now desire to relieve themselves of the  
18 day-to-day responsibilities of owning and operating two (2) water utilities, provided a qualified  
19 and appropriate successor-in-interest can be found.<sup>3</sup> In that regard, Park Valley and Fools  
20 Hollow believe that Show Low is such a successor-in-interest.

21 Against the above background circumstances, and following arms-length negotiations,  
22 duly authorized representatives of Park Valley and Fools Hollow and Show Low executed the  
23 Agreement, a copy of which is attached hereto as Appendix "C," and incorporated herein by this  
24 reference.

25  
26 <sup>3</sup> Park Valley and Fools Hollow are owned by the James D. McCarty Living Trust ("Trust"). The Trust has twelve  
27 (12) beneficiaries. The beneficiaries (i) are at different points in their respective lives, (ii) have different needs and  
28 objectives and (iii) live in several different locations, including some locations which are not proximate to the  
certificated service areas and operations of Park Valley and Fools Hollow. Accordingly, the beneficiaries and  
trustees of the Trust have concluded that it would be best if the Trust disposed of its ownership interest in Park  
Valley and Fools Hollow, which are the only water companies that the Trust owns.

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ATTORNEY AT LAW  
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Tubac, Arizona 85646  
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II.

**ANTICIPATED FUTURE OPERATION OF  
PARK VALLEY AND FOOLS HOLLOW'S WATER SYSTEMS**

In the event of Commission approval of the Agreement and cancellation of Park Valley's and Fools Hollow's associated certificates of convenience and necessity for their respective water systems, it is anticipated that Show Low will commence its ownership and operation of Park Valley's and Fools Hollow's water systems in as seamless a manner as possible, with the objective of ensuring continuity and quality of water service to their respective customers.<sup>4</sup> In that regard, it is Park Valley's and Fools Hollow's understanding that, prior to the actual transfer of water system assets and operating responsibilities as between the companies and Show Low, Show Low will engage in an outreach program with the companies' respective customers for the purpose of introducing itself to such customers. Finally, pursuant to Section 3.1 and Section 10.5.4 of the Agreement, Show Low will assume full responsibility for any obligations of Park Valley and Fools Hollow for water meter deposit or main extension agreement refunds which become due subsequent to closing of the water system(s) asset(s) transfer transaction. Pursuant to Section 3.1 of the Agreement, Park Valley and Fools Hollow shall refund all security deposits prior to closing.

III.

**CURRENT RATE COMPARISONS AND ANTICIPATED  
FUTURE RATE INCREASES; AND, SHOW LOW'S  
ANTICIPATED CAPITAL IMPROVEMENTS**

**A. Current Rate Comparisons.**

Attached hereto as Appendices "D" and "E" and incorporated herein by this reference are copies of Park Valley's and Fools Hollow's and Show Low's rate schedules, respectively. Park Valley's and Fools Hollow's current rates were approved by the Commission in 1998. Show Low's current rates were adopted by its Mayor and Council on May 17, 2011.

<sup>4</sup> In that regard, Show Low intends to draw upon its positive customer transition experience acquired in connection with the 2010 acquisition of the water system assets and customers of Pineview Water Company, Inc. pursuant to Commission Decision No. 72288 (May 4, 2011).

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As indicated below, Park Valley and Fools Hollow currently have a base rate of \$14.00 and a commodity rate of \$2.65 for each 1,000 gallons used. There is no usage allowance in this rate. The base rate for 5/8" and 3/4" meters in Show Low is \$24.00 and \$2.36 for each 1,000 gallons used above 5,000 gallons. As part of its May 17, 2011 rate resolution, Show Low's rates will increase on January 1, 2013 to a base rate of \$26.64 and \$2.62 for each 1,000 gallons used above 5,000 gallons. The first 5,000 gallons of usage is included in the base rate. Based upon the October 2011 feasibility study and economic analysis conducted by Wood/Patel for Show Low, there will be no need for a rate increase due to the purchase of the Park Valley and Fools Hollow systems, and all related operational costs and debt service requirements will be covered under Show Low's existing rates.

	<u>Show Low</u>	<u>Park Valley/ Fools Hollow</u>
<b>Monthly Charge -- 5/8"</b>		
Gallons Allowed	5,000	-
Total Charge	\$ 24.00	\$ 14.00
<b>Volume Rate/000 Gal:</b>		
0 - 5,000 Gal	-	2.65
5,001 -- Above	2.36	2.65
<b>Average Monthly Usage</b>		
Gallons	7,528	4,750

Based upon the information set forth above, the following table offers a side-by-side comparison of Park Valley's and Fools Hollow's and Show Low's respective existing rates and their impact on various usage levels. As may be noted, any current Park Valley or Fools Hollow customer utilizing 4,000 gallons or more per month will see a slight reduction in their monthly water rates. Given the fact that the average customer within each system utilizes 4,750 gallons of

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water per month, that customer will see his/her water bill remain virtually unchanged, in the event that the proposed asset transfer is approved. As previously noted, Park Valley and Fools Hollow rates have not changed since 1998, and the current owners have concluded that but for this proposed sale they would be pursuing a rate increase.

	Park Valley/Fools	City of Show Low	
Gallons	Current	Current	Difference
	5/8" Meters		
0	\$14.00	\$24.00	\$10.00
1,000	16.65	24.00	7.35
2,000	19.30	24.00	4.70
3,000	21.95	24.00	2.05
4,000	24.60	24.00	(0.60)
5,000	27.25	24.00	(3.25)
6,000	29.90	26.36	(3.54)
7,000	32.55	28.72	(3.83)
8,000	35.20	31.08	(4.12)
9,000	37.85	33.44	(4.41)
10,000	40.50	35.80	(4.70)
11,000	43.15	38.16	(4.99)
12,000	45.80	40.52	(5.28)
13,000	48.45	42.88	(5.57)
14,000	51.10	45.24	(5.86)
15,000	53.75	47.60	(6.15)
16,000	56.40	49.96	(6.44)
17,000	59.05	52.32	(6.73)
18,000	61.70	54.68	(7.02)
19,000	64.35	57.04	(7.31)
20,000	67.00	59.40	(7.60)

**B. Capital Improvements.**

As outlined in the October 2011 Wood/Patel feasibility study, Show Low will be making capital improvements within the current Park Valley and Fools Hollow water service areas immediately upon acquisition of those systems, and over the next several years thereafter. In that regard, as part of its initial financing with WIFA, Show Low intends to spend up to

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1 \$400,000 on interconnections, SCADA, chlorination and fire hydrants. Longer term  
2 improvements estimated at \$2.6 million include upsizing lines to 8-inch PVC, adding additional  
3 fire hydrants and PRV stations. Also included will be improvements to the wells and overall  
4 storage, as these systems are integrated into the rest of Show Low's water system. Each of these  
5 capital improvements will add to the reliability of the Park Valley and Fools Hollow systems and  
6 benefit current and future customers of each system, as well as Show Low's current and future  
7 customers.

#### 8 IV.

#### 9 MISCELLANEOUS

10 Attached hereto as Appendices "F" and "G," and incorporated herein by this reference,  
11 are copies of Certificate(s) of Good Standing, attesting to the fact that both Park Valley and  
12 Fools Hollow, respectively, are in good standing with the Commission.

13 Attached hereto as Appendix "H," and incorporated herein by this reference, is a copy of  
14 a Water Provider Compliance Status Report from the Arizona Department of Water Resources  
15 ("ADWR"), attesting to the fact Park Valley and Fools Hollow are each in compliance with  
16 ADWR's applicable regulations. Pursuant to an October 15, 1986 Approval to Operate issued by  
17 the Arizona Department of Health Services, Park Valley and Fools Hollow operate as "one  
18 system." A copy of that Approval to Operate is attached hereto as Appendix "I" and is  
19 incorporated herein by this reference.

20 Attached hereto as Appendix "J," and incorporated herein by this reference, is a copy of a  
21 Compliance Status Report from the Arizona Department of Environmental Quality ("ADEQ"),  
22 attesting to the fact that Park Valley and Fools Hollow are in compliance with ADEQ's  
23 applicable regulations.

24 Attached hereto as Appendix "K" and incorporated herein by this reference, is a copy of a  
25 Water Provider Compliance Status Report from ADWR attesting to the fact that Show Low's  
26 municipal water system is in compliance with ADWR's applicable regulations.

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ATTORNEY AT LAW  
P.O. Box 1448  
Tubac, Arizona 85646  
(520) 398-0411

1 Attached hereto as Appendix "L" and incorporated herein by this reference, is a copy of a  
2 Compliance Status Report from ADEQ attesting to the fact that Show Low's municipal water  
3 system is in compliance with ADEQ's applicable regulations.

4 Attached hereto as Appendix "M," and incorporated herein by this reference, is a copy of  
5 a Water Use Data Sheet, reflecting water consumption by Park Valley's and Fools Hollow's  
6 customers, for the thirteen months ended November 25, 2011.

7 Finally, neither Park Valley's nor Fools Hollow's water system has an unaccounted for or  
8 water loss in excess of the Commission's maximum guideline of ten percent (10%).

9 V.

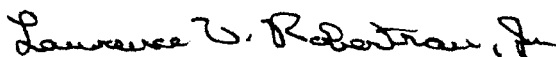
10 CONCLUSION

11 For all of the foregoing reasons, Park Valley and Fools Hollow believe that the issuance  
12 of an Opinion and Order by the Commission (i) authorizing the sale and transfer of Park Valley's  
13 and Fools Hollow's water system assets to Show Low pursuant to the provisions of the  
14 Agreement, and (ii) cancelling Park Valley's and Fools Hollow's associated certificates of  
15 convenience and necessity would be consistent with the public interest.

16 WHEREFORE, Park Valley and Fools Hollow hereby request that the Commission issue  
17 an Opinion and Order (i) authorizing the sale and transfer of Park Valley's and Fools Hollow's  
18 water system assets to Show Low pursuant to the provisions of the Agreement, and (ii)  
19 cancelling Park Valley's and Fools Hollow's associated certificates of convenience and  
20 necessity.

21  
22 Dated this 21<sup>st</sup> day of February 2012.

23 Respectfully submitted,

24 

25 Lawrence V. Robertson, Jr.  
26 Of Counsel to Munger Chadwick, P.L.C.  
27 Attorney for Fools Hollow Water Company  
28

LAWRENCE V. ROBERTSON, JR.  
ATTORNEY AT LAW  
P.O. Box 1448  
Tubac, Arizona 85646  
(520) 398-0411

1 Original and thirteen (13) copies of the  
2 foregoing Application will be mailed for  
3 filing this 21<sup>st</sup> day of February 2012 to:

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8 A copy of the foregoing will also be mailed  
9 or emailed this same date to:

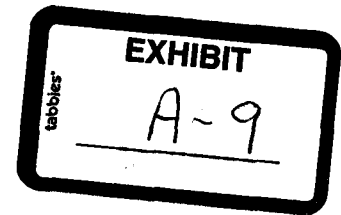
10 Lyn A. Farmer,  
11 Chief Administrative Law Judge  
12 Hearing Division  
13 Arizona Corporation Commission  
14 1200 West Washington Street  
15 Phoenix, Arizona 85007

16 Steve Olea, Director  
17 Utilities Division  
18 Arizona Corporation Commission  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007

21 Janice M. Alward, Chief Legal Counsel  
22 Legal Division  
23 Arizona Corporation Commission  
24 1200 West Washington Street  
25 Phoenix, Arizona 85007

26   
27  
28

**Exhibit A-9**  
**Victoria McCarty**



**Affidavit of Publication and Affidavit  
of Mailing of Public Notice of Hearing**

**June 11, 2012 ACC Hearing**  
**Park Valley Water Company, Inc.**  
**Fools Hollow Water Company, Inc.**  
**Docket Nos. W-01653A-12-0043**  
**and W-02042A-12-0062**

ORIGINAL

Fools Hollow Water Company, Inc.  
Park Valley Water Company, Inc.  
1500 W. Deuce of Clubs  
Show Low, AZ 85901

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE JOINT )  
APPLICATION OF PARK VALLEY WATER )  
COMPANY, INC. AND FOOLS HOLLOW )  
WATER COMPANY, INC. FOR AN OPINION )  
AND ORDER (i) AUTHORIZING SALE AND )  
TRANSFER OF WATER SYSTEM ASSETS, )  
AND (ii) CANCELLING CERTIFICATES OF )  
CONVENIENCE AND NECESSITY )

DOCKET NO. W-01653A-12-0043  
DOCKET NO. W-02042A-12-0062

AFFIDAVIT OF MAILING & PUBLICATION

1. I am Holly Jacobs, Office Manager of Fools Hollow Water Company, Inc. and Park Valley Water Company, Inc. My business address is 1500 W. Deuce of Clubs, Show Low, Arizona, 85901.
2. On April 20, 2012 and April 24, 2012, I caused the Notice in the form attached hereto as Exhibit 1 and incorporated herein by reference for all purposes, to be mailed by first class mail, postage prepaid, to all Fools Hollow Water Company, Inc. customers receiving service as of April 20, and all Park Valley Water Company, Inc. customers receiving service as of April 24, 2012 respectively.
3. On April 27, 2012, I caused the Notice in the form attached hereto as Exhibit 2 and incorporated herein by reference for all purposes, to be published in the local newspaper that services our franchise area.
4. Further affiant sayeth naught.

DATED this 15<sup>th</sup> day of May, 2012

Fools Hollow Water Company, Inc.  
Park Valley Water Company, Inc.

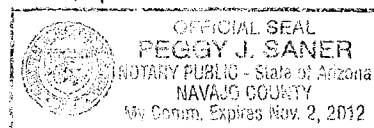
By: Holly Jacobs  
Holly Jacobs

The foregoing instrument was acknowledged before me this 16<sup>th</sup> day of May, 2012 by Holly Jacobs.

Peggy J. Saner  
Notary Public

My Commission Expires:

November 2, 2012



Arizona Corporation Commission  
DOCKETED  
MAY 17 2012

RECEIVED

2012 MAY 17 A 9:42

CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

JM

1 Original and thirteen copies of the  
2 foregoing filed this 15<sup>th</sup> day  
of May, 2012 with:

3 Docket Control  
4 Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Arizona 85007

5 A copy of the foregoing filed  
6 this 15<sup>th</sup> day of May, 2012 to:

7 Hearing Division  
8 Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Arizona 85007

9 Compliance Section  
10 Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Arizona 85007

11 Utilities Division  
12 Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Arizona 85007

13 Legal Division  
14 Arizona Corporation Commission  
1200 W. Washington  
15 Phoenix, Arizona 85007

16

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18

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25

# Exhibit 1

**PUBLIC NOTICE OF THE HEARING ON THE APPLICATIONS OF PARK VALLEY WATER COMPANY AND FOOLS HOLLOW WATER COMPANY FOR APPROVAL OF THE SALE OF THEIR ASSETS AND THE CANCELLATION OF THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY TO THE CITY OF SHOW LOW, ARIZONA.**  
**(DOCKET NOS. W-01653A-12-0043 AND W-02042A-12-0062)**

On February 6, 2012, Park Valley Water Company ("PVWC") and on February 23, 2012 Fools Hollow Water Company ("FHW") (collectively "the Utilities"), each filed with the Arizona Corporation Commission ("Commission") applications for approval of the sale of their assets to the City of Show Low, Arizona ("City") and for the cancellation of their Certificates of Convenience and Necessity ("Certificate(s)"). These proceedings have been consolidated for hearing. If the applications are approved and the sales consummated, the City would be the exclusive provider of domestic water service in PVWC's and FHW's current service areas. The Commission will issue a Decision regarding the Utilities' applications following consideration of testimony and evidence presented at an evidentiary hearing. Copies of the applications are available at PVWC's and FHW's offices, 1500 West Deuce of Clubs Avenue, Show Low, Arizona, and at the Commission's offices at 1200 West Washington Street, Phoenix, Arizona, for public inspection during regular business hours, and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-docket function.

The Commission will hold a hearing on the applications on **June 11, 2012, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, Hearing Room No. 2, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via e-mail (visit <http://www.azcc.gov/Divisions/Utilities/forms/PublicCommentForm.pdf> for instructions), or by mailing a letter referencing Docket Nos. W-01653A-12-0043 and W-02042A-12-0062 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington Street, Phoenix, Arizona 85007. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000 or 602-542-4251.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than **May 18, 2012**, and send a copy of the motion to PVWC and FHW or their counsel and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of any person upon whom service of documents is to be made, if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of PVWC or FHW, etc.);
3. A statement certifying that you have mailed a copy of the motion to intervene to PVWC and FHW or their counsel and to all parties of record in the case; and
4. If you are not represented by an attorney who is an active member of the Arizona State Bar, and are not representing yourself as an individual, information and any appropriate documentation demonstrating compliance with Arizona Supreme Court Rules 31, 38, and 42, as applicable.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **May 18, 2012**. If representation by counsel is required by Arizona Supreme Court Rule 31, intervention will be conditioned upon the intervenors obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Shaylin Bernal, E-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov), voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

# Exhibit 2

State of Arizona )  
 )ss.  
County of Navajo )

## Affidavit of Publication

### White Mountain Independent

PUBLIC NOTICE OF THE HEARING ON THE APPLICATIONS OF PARK VALLEY WATER COMPANY AND FOOLS HOLLOW WATER COMPANY FOR APPROVAL OF THE SALE OF THEIR ASSETS AND THE CANCELLATION OF THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY TO THE CITY OF SHOW LOW, ARIZONA.

(DOCKET NOS. W-01653A-12-0043 AND W-02042A-12-0062)

On February 6, 2012, Park Valley Water Company ("PVWC") and on February 23, 2012 Fools Hollow Water Company ("FHW") (collectively "the Utilities"), each filed with the Arizona Corporation Commission ("Commission") applications for approval of the sale of their assets to the City of Show Low, Arizona ("City") and for the cancellation of their Certificates of Convenience and Necessity ("Certificate(s)"). These proceedings have been consolidated for hearing. If the applications are approved and the sales consummated, the City would be the exclusive provider of domestic water service in PVWC's and FHW's current service areas. The Commission will issue a Decision regarding the Utilities' applications following consideration of testimony and evidence presented at an evidentiary hearing. Copies of the applications are available at PVWC's and FHW's offices, 1500 West Deuce of Clubs Avenue, Show Low, Arizona, and at the Commission's offices at 1200 West Washington Street, Phoenix, Arizona, for public inspection during regular business hours, and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-docket function.

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The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than May 18, 2012, and send a copy of the motion to PVWC and FHW or their counsel and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of any person upon whom service of documents is to be made, if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of PVWC or FHW, etc.);
3. A statement certifying that you have mailed a copy of the motion to intervene to PVWC and FHW or their counsel and to all parties of record in the case; and

I, Diane R. Janot being first duly sworn, depose and say: I am the agent of the White Mountain Publishing Company, publisher of the White Mountain Independent, a semi-weekly newspaper of general circulation published at Show Low, County of Navajo, Arizona and that the copy hereto attached is a true copy of the advertisement as published in the White Mountain Independent on the following dates:

April 27, 2012

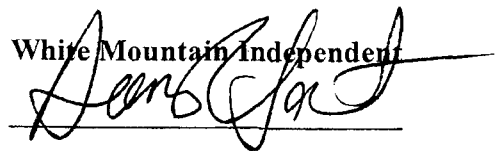
4. If you are not represented by an attorney who is an active member of the Arizona State Bar, and are not representing yourself as an individual, information and any appropriate documentation demonstrating compliance with Arizona Supreme Court Rules 31, 38, and 42, as applicable.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before May 18, 2012. If representation by counsel is required by Arizona Supreme Court Rule 31, intervention will be conditioned upon the intervenors obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/intervenor.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Shaylin Bernal, E-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov), voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

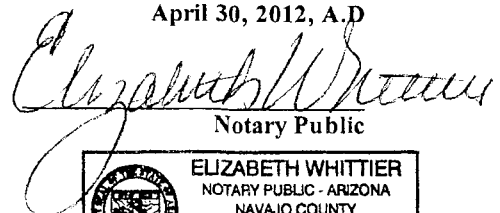
Published in the White Mountain Independent.  
April 27, 2012  
(WMI 6477 N, 1x, 4/27/2012)e

White Mountain Independent



Sworn to me this day of

April 30, 2012, A.D.



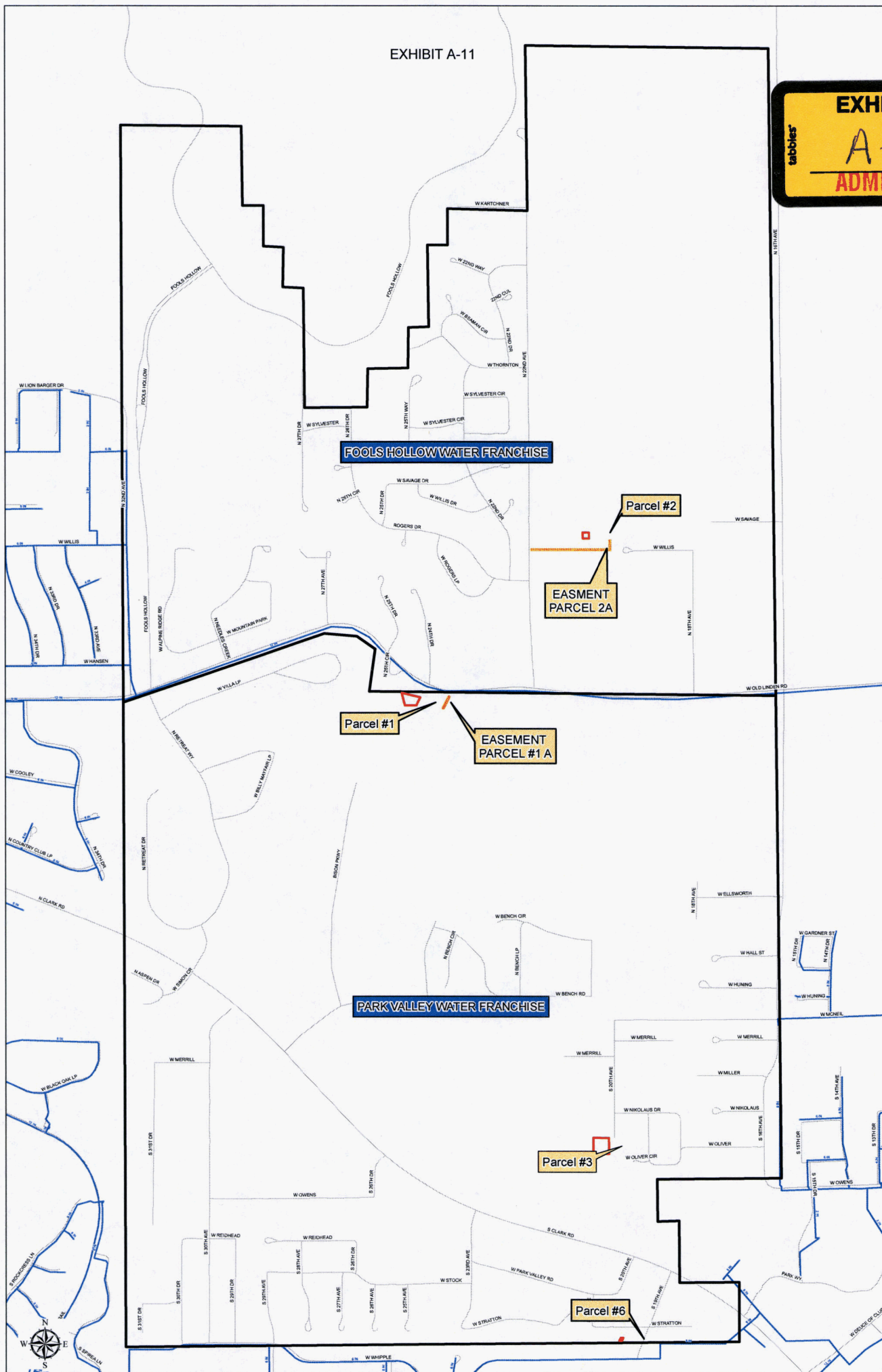
Notary Public



ELIZABETH WHITTIER  
NOTARY PUBLIC - ARIZONA  
NAVAJO COUNTY  
My Commission Expires  
September 23, 2012



**EXHIBIT**  
A-11  
**ADMITTED**



**EXHIBIT A-12**

**Legend**

- WELL - 1 MIL
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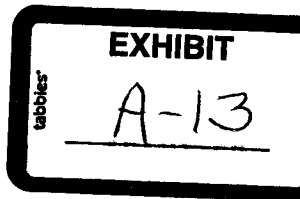
TYPE	FACILITY	SYSTEM	ADMR
HELL	4C	06-022	55-50006
HELL	4A	06-022	55-50062
HELL	4C	06-022	55-50062
HELL	3D	06-022	55-50862
HELL	3B	06-022	55-56487
HELL	3A	06-022	55-60344
HELL	3C	06-026	55-60449
HELL	12	06-026	55-512470
HELL	11	06-026	55-50525
HELL	10	06-026	55-57945
HELL	9	06-026	55-57475
HELL	8	06-026	55-57069
HELL	7	06-026	55-620773
HELL	6	06-026	55-620773
HELL	5	06-026	55-620772

**Legend**

**WATER SAMPLING SITES**

- STAGE 1 ML
- STAGE 2 ML
- STAGE 3 ML
- STAGE 1 ML
- STAGE 2 ML
- STAGE 3 ML

***Loan Resolution 2012-018 – City of Show Low***  
***Water Infrastructure Finance Authority of Arizona***



**Section 1: Resolution**

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the "*Authority*") has received from City of Show Low (the "*Local Borrower*") a request for a loan (the "*Loan*"); and

WHEREAS, the Authority has determined that the Local Borrower has met the requirements of Arizona Revised Statutes §49-1201 et seq. (the "*Act*") and the rules promulgated thereunder (the "*Rules*"); and

WHEREAS, the terms and conditions under which a Loan will be made and the obligations of the Local Borrower will be set forth in a loan agreement or bond purchase agreement (the "*Loan Agreement*") to be executed by the Local Borrower and the Authority.

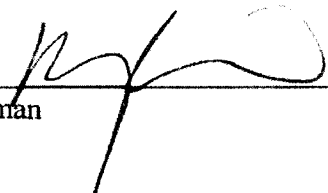
NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Executive Director of the Authority is hereby authorized and directed to execute a Loan Agreement with the Local Borrower to evidence a Loan in accordance with the Act, the Rules, the Local Borrower's applications to the Authority, and the Project Summary detailed in Section 2 of this Loan Resolution.

The Executive Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution and the Loan Agreement and to ensure that the Local Borrower has completed all requirements of the Authority as detailed in Section 3, Section 4, and Section 5 of this Loan Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

Dated: February 15, 2012

By :   
Chairman

Attest:   
Executive Director

# ***Loan Resolution 2012-018 – City of Show Low***

## ***Water Infrastructure Finance Authority of Arizona***

### **Section 2: Project Summary**

#### **2.1 Project Number(s)**

DW 040-2012

#### **2.2 Project Priority Data**

<u>PL Rank</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>Subsidy Rate</u>
27	DW 2012	12000	80%

#### **2.3 Project Description(s)**

The City intends to acquire Park Valley Water Company and Fools Hollow Water Company, two small private water systems within the City's municipal boundary, and connect them to its existing service area. This consolidation of systems will allow the City to accommodate additional customers, while providing increased flow, improved efficiencies and consistency of service to the entire community.

An asset purchase agreement has been approved by the City Council and by the owner of the Park Valley and Fools Hollow Water Companies for an approximate purchase price of \$1,536,000. This sale must be approved by the ACC and the agreement is contingent upon that approval. The City is currently working closely with ACC staff to secure approval in or around June 2012. Once connected to the City's distribution system, some necessary improvements will be made.

#### **2.4 Previous Board or Committee Actions**

February 16, 2011 – Board adopted Loan Resolution 2011-016 (Loan No. 920211-11) awarding \$4,800,000 to the City of Show Low to acquire Pineview Water Company and perform system improvements.

May 27, 2009 - Board adopted Loan Resolution 2009-041 (Loan No. 91A120-10) to award \$500,000 to the City of Show Low for a manhole rehabilitation project.

April 28, 2009 - Board awarded TA Grant 860057-09 of \$35,000 for a Wastewater Treatment Plant Expansion Master Plan.

July 21, 2003 - Board awarded TA Grant 88015-04 of \$20,000 for a Well Site Feasibility Study.

#### **2.5 Project Finance Committee Recommendations**

February 1, 2012 - Project Finance Committee reviewed the project due diligence summary and recommended approval by the Board.

***Loan Resolution 2012-018 – City of Show Low***  
***Water Infrastructure Finance Authority of Arizona***

**Section 3: Financial Assistance Terms & Conditions** (Section 7.1 of Due Diligence)

**Financial Assistance Amount:** \$2,000,000

**Primary Repayment Source:** Revenues

**Secondary Repayment Source:** None

**Loan Term:** 20 years

**Frequency of Repayment:** Semi-Annual

**Loan Structure:** Standard Governmental - Level 1

**Debt Service Reserve Fund Requirements:** Local, No Separate Account

**Repair and Replacement Fund Requirements:** None

**Requirements Prior to Loan Execution:**

**Require Legal Opinion:** Yes

**Other:** Yes

Arizona Corporation Commission approval of sale and transfer of assets.

**Requirements Prior to Construction:** No Requirement

**Requirement During Construction:** No Requirement

**Requirements Prior to Final Disbursements:** No Requirement

**Loan Category:** Qualified, Not Pledged

**Policy Exceptions:** None

**Section 4: Technical Terms & Conditions** (Section 7.2 of Due Diligence)

**Observation Schedule:**

Observation 1: upon borrower notification of construction commencement.

Final Observation: 80% construction budget dispersal

# ***Loan Resolution 2012-018 – City of Show Low***

## ***Water Infrastructure Finance Authority of Arizona***

**Withholding Percentage:** 10% (released after deliverables received)

**Requirements Prior to Loan Execution:** No Requirement

**Requirements Prior to Construction:**

**Prior Review and Approval of Construction Bids:** Yes

**Require Construction Signs:** Yes

The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

**Other:** No Requirement

**Requirements During Construction:**

**Prior Review of Changes in Project Scope:** Yes

The Local Borrower shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, Eligible Project Costs, or any other change which will effect the performance standards or purpose of the Project.

**Other:** No Requirement

**Requirements Prior to Final Disbursements:**

**Require Plan of Operation:** No Requirement

**Require Final Approval:** No Requirement

**Other:** No Requirement

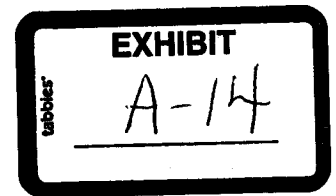
**Policy Exceptions:** None

### **Section 5: Additional Notice & Reporting Requirements (Section 7.3 of Due Diligence)**

**WIFA to generate Press Release:** Yes

**Other:** Wage rate reporting requirements, as applicable.

## EXHIBIT A-14



Gallons	City of Show	Fools		Difference
	Low	Hollow	Park Valley	
0	24.00	14.00	14.00	10.00
1,000	24.00	16.65	16.65	7.35
2,000	24.00	19.30	19.30	4.70
3,000	24.00	21.95	21.95	2.05
<b>4,000</b>	<b>24.00</b>	<b>24.60</b>	<b>24.60</b>	(0.60)
5,000	24.00	27.25	27.25	(3.25)
6,000	26.36	29.90	29.90	(3.54)
7,000	28.72	32.55	32.55	(3.83)
8,000	31.08	35.20	35.20	(4.12)
9,000	33.44	37.85	37.85	(4.41)
10,000	35.80	40.50	40.50	(4.70)
11,000	38.16	43.15	43.15	(4.99)
12,000	40.52	45.80	45.80	(5.28)
13,000	42.88	48.45	48.45	(5.57)

**Water Rates**

Rate Code	Meter Sizes	Usage Allowance	Base Fee	Rate per 1,000/gal
101	5/8 - 3/4"	5,000	24.00	2.36
102	1"	5,000	37.10	2.36
103	1 1/2"	11,000	77.98	2.36
104	2"	22,000	167.72	2.36
105	3"	44,000	345.27	2.36
106	4" +	67,000	556.49	2.36

**Water Rates - Outside City Limits**

Rate Code	Meter Sizes	Usage Allowance	Base Fee	Rate per 1,000/gal
111	5/8 - 3/4"	5,000	30.00	2.95
112	1"	5,000	46.38	2.95
113	1 1/2"	11,000	97.48	2.95
114	2"	22,000	209.65	2.95
115	3"	44,000	431.59	2.95
116	4" +	67,000	695.61	2.95

**Wastewater Rates**

Rate Code	Description	Base Fee	Rate per 1,000/gal
301	Residential	26.78	n/a
351	Residential - Low Pressure	37.08	n/a
303	Commercial	21.12	2.42
361	Commercial - Low Pressure	32.38	2.42
310	Multi Family/Trailer Park*	21.12	1.82
311	Offices/Business/Retail*	21.12	1.82
314	Churches*	21.12	1.82
316	Motels and Hotels*	21.12	1.82
318	Schools*	21.12	1.82
320	Bars*	21.12	1.82

\*Existing business phase-in rate

**Sanitation Rates - Resolution 2011-07**

Rate Code	Description	Base Fee
501	First Polycart (One trash, one recycling)	17.18
502	Additional Polycart	7.84

**Miscellaneous Rates**

Rate Code	Description	Base Fee
2101	Water Rights Preservation Fee (per month/per active water account)	0.75
	Seasonal/Inactive Status	200.00
	- Includes connect/disconnect fee for water customers	
	- Fee may be paid in installments over a period not to exceed 6-months	
	- Entire fee must be paid prior to re-connection	
	- Includes all services	
	Water Connection	25.00
	Water Disconnect	25.00
	After Hours Call Out	40.00
	Re-Read/Read Only	25.00
	Bulk Meter Activation	150.00
	Bulk Meter Deposit	800.00
	Non-Sufficient Funds fee	25.00
	Late Fee (applied 10 days after billing date)	10.00
	Security Deposit	150.00
	- with autopay sign up and continued active autopay	75.00
	- refunded after 12 consecutive months of prompt payment	
	- may be waived with letter of credit showing 1-year of prompt payment history from previous utility	
	Non-pay Wastewater physical disconnect	600.00

Water Rates				
Rate Code	Meter Sizes	Usage Allowance	Base Fee	Rate per 1,000/gal
101	5/8 - 3/4"	5,000	26.64	2.62
102	1"	5,000	41.18	2.62
103	1 1/2"	11,000	86.56	2.62
104	2"	22,000	186.17	2.62
105	3"	44,000	383.25	2.62
106	4" +	67,000	617.70	2.62

Water Rates - Outside City Limits				125%
Rate Code	Meter Sizes	Usage Allowance	Base Fee	Rate per 1,000/gal
111	5/8 - 3/4"	5,000	33.30	3.28
112	1"	5,000	51.48	3.28
113	1 1/2"	11,000	108.20	3.28
114	2"	22,000	232.71	3.28
115	3"	44,000	479.06	3.28
116	4" +	67,000	772.13	3.28

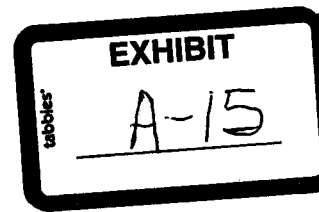
Wastewater Rates			
Rate Code	Description	Base Fee	Rate per 1,000/gal
301	Residential	27.58	n/a
351	Residential - Low Pressure	38.19	n/a
301	Commercial	22.71	2.60
361	Commercial - Low Pressure	34.81	2.60
310	Multi Family/Trailer Park*	22.71	2.16
311	Offices/Business/Retail*	22.71	2.16
314	Churches*	22.71	2.16
316	Motels and Hotels*	22.71	2.16
318	Schools*	22.71	2.16
320	Bars*	22.71	2.16

\*Existing business phase-in rate

Sanitation Rates - Resolution 2011-07		
Rate Code	Description	Base Fee
501	First Polycart	17.18
502	Additional Polycart	7.84

Miscellaneous Rates		
Rate Code	Description	Base Fee
2101	Water Rights Preservation Fee (per month/per active water account)	0.75
	Seasonal/Inactive Status	200.00
	- Includes connect/disconnect fee for water customers	
	- Fee may be paid in installments over a period not to exceed 6-months	
	- Entire fee must be paid prior to re-connection	
	- Includes all services	
	Water Connection	25.00
	Water Disconnect	25.00
	After Hours Call Out	40.00
	Re-Read/Read Only	25.00
	Bulk Meter Activation	150.00
	Bulk Meter Deposit	800.00
	Non-Sufficient Funds fee	25.00
	Late Fee (applied 10 days after billing date)	10.00
	Security Deposit	150.00
	- with autopay sign up and continued active autopay	75.00
	- refunded after 12 consecutive months of prompt payment	
	- may be waived with letter of credit showing 1-year of prompt payment history from previous utility	
	Non-pay Wastewater physical disconnect	600.00

## EXHIBIT A-15



### Park Valley/Fools Hollow Preliminary Capital List

Well Improvements	70,000.00
SCADA	100,000.00
Fire Hydrants	100,000.00
Interconnections	100,000.00
Miscellaneous Improvements	44,000.00
	<u>414,000.00</u>

ORIGINAL

MEMORANDUM  
RECEIVED

2012 MAY 16 P 4:09

TO: Docket Control

FROM: Steven M. Olea  
Director  
Utilities Division

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL



Date: May 16, 2012

RE: STAFF REPORT FOR THE APPLICATIONS OF PARK VALLEY WATER COMPANY AND FOOLS HOLLOW FOR AN OPINION AND ORDER (I) AUTHORIZING SALE AND TRANSFER OF WATER SYSTEM ASSETS AND (II) CANCELLING CERTIFICATES OF CONVENIENCE AND NECESSITY (DOCKET NOS: W-01653A-12-0043 AND W-02042A-12-0062)

Attached is the Staff Report for the sale and transfer of Park Valley Water Company and Fools Hollow Water Company to the City of Show Low and cancellation of its Certificates of Convenience and Necessity. Staff recommends approval of these applications with conditions.

SMO:VW:kdh

Originator: Vicki Wallace

Arizona Corporation Commission

DOCKETED

MAY 16 2012

DOCKETED BY	ZM
-------------	----

Service List For: Park Valley Water Company and Fools Hollow Water Company  
Docket Nos.: W-01653A-12-0043 AND W-02042A-12-0062

Mr. Lawrence V. Robertson Jr.  
Post Office Box 1448  
Tubac, Arizona 85646

Mr. David Brown  
Post Office Box 3128  
Pinetop, Arizona 85935

Arizona Reporting Service Inc.  
2200 N. Central Avenue, Suite 502  
Phoenix, Arizona 85004-1481

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

PARK VALLEY WATER COMPANY  
DOCKET NO. W-01653A-12-0043

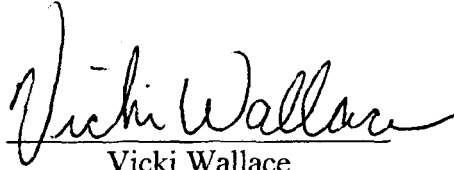
FOOLS HOLLOW WATER COMPANY  
DOCKET NO. W-02042-12-0062

SALE AND TRANSFER OF ASSETS OF PARK VALLEY WATER COMPANY AND  
FOOLS HOLLOW WATER COMPANY TO  
THE CITY OF SHOW LOW AND CANCELLATION OF CERTIFICATES OF  
CONVENIENCE AND NECESSITY

MAY 16, 2012

## STAFF ACKNOWLEDGMENT

The Staff Report for Park Valley Water Company, Docket No. W-01653A-12-0043, and Fools Hollow Water Company, Docket No. W-02042A-12-0062, was prepared by the Staff members shown below.



Vicki Wallace  
Executive Consultant



Katrin Stukov  
Utilities Engineer



Darron Carlson  
Public Utilities Analyst Manager

**EXECUTIVE SUMMARY**  
**PARK VALLEY WATER COMPANY AND**  
**FOOLS HOLLOW WATER COMPANY**  
**DOCKET NOS. W-01653A-12-0043 AND W-02042A-12-0062**

On February 6, 2012, and February 23, 2012, respectively, Park Valley Water Company ("Park Valley", "PVWC", or "Company") and Fools Hollow Water Company ("Fools Hollow", "FHWC", or "Company") (collectively "Companies") filed applications with the Arizona Corporation Commission ("Commission" or "ACC") for approval of the sale and transfer of water system assets to the City of Show Low ("City" "Show Low") and for the cancellation of Certificates of Convenience and Necessity ("CC&N") to provide water service. The dockets were consolidated pursuant to a Procedural Order issued March 6, 2012.

Park Valley and Fools Hollow (1) have the same ownership; (2) are physically adjacent to one another and interconnected with one another; and (3) are operated as one water system pursuant to an October 15, 1986, Approval to Operate issued by the Arizona Department of Health Services. Thus, the Companies executed and finalized one Asset Purchase and Sale Agreement ("Purchase Agreement" or "Agreement") with the City of Show Low on December 6, 2011.

The City of Show Low has extensive experience owning and operating a municipal water utility and has, as indicated above, executed a Purchase Agreement with PVWC and FHWC for the acquisition. No adverse impacts to customers are anticipated, and in fact, the quality and quantity of water available to customers may improve.

The City intends to honor all PVWC's and FHWC's obligations under mainline extension agreements and to assume all existing customer accounts, including customer deposit obligations.

Staff recommends approval of the sale and transfer of the assets of PVWC and FHWC to Show Low and that the Commission cancel the CC&Ns of PVWC and FHWC with the following conditions:

1. That Park Valley and Fools Hollow file documentation of finalization of the sale of the Companies to the City with the Commission in this docket within 30 days of such finalization.
2. That the City honor all liabilities of Park Valley and Fools Hollow relating to customer deposits, service line and meter installations, and mainline extension agreements.

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## **INTRODUCTION**

On February 6, 2012, Park Valley Water Company ("Park Valley", "PVWC" or "Company") and Fools Hollow Water Company ("Fools Hollow" "FHWC", or "Company") (collectively "Companies") filed a joint application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of the sale and transfer of water system assets to the City of Show Low ("City" or "Show Low"), an Arizona municipality, and for the cancellation of Certificates of Convenience and Necessity ("CC&N") to provide water service. Park Valley and Fools Hollow were subsequently instructed by the Commission to file separate applications. The initial filing was utilized by PVWC as its application, Docket No. W-01653A-12-0043, and a separate application was filed February 23, 2012 as the FHWC application, Docket No. W-02042A-12-0062. The dockets were consolidated pursuant to a Procedural Order issued March 6, 2012.

The ACC Utilities Division ("Staff") sent an Insufficiency Letter dated March 6, 2012, which was docketed March 8, 2012, indicating that the Park Valley and Fools Hollows' applications did not meet the sufficiency requirements of Arizona Administrative Code ("A.A.C."). On March 22, 2012, PVWC and FHWC filed responses to Staff's Insufficiency Letter and provided additional documentation to support the applications. On April 4, 2012, Staff filed a Sufficiency Letter indicating that the applications had met the sufficiency requirements of the A.A.C.

On April 6, 2012, the Administrative Law Judge issued a procedural schedule setting a hearing for May 15, 2011.

## **BACKGROUND**

Park Valley and Fools Hollow are Arizona corporations in good standing with the Commission's Corporation Division and are certificated to provide water utility services pursuant to the Commission's Decision No. 31739 issued August 12, 1959, for PVWC and Decision No. 39206 issued October 13, 1967, for FHWC. Current rates were set by Decision No. 61099 issued August 26, 1998, for Park Valley and Decision No. 61108 issued August 28, 1998, for Fools Hollow. PVWC and FHWC provide water service to approximately 635 and 335 residential customers, respectively, within an area adjacent to one another and located within Show Low's municipal water service area. PVWC and FHWC currently have two (2) employees overseeing the Company's water system operations. Staff's legal description and maps of the service area are attached as Exhibit 1.

According to the applications, Show Low is a municipal water system that provides water service to approximately 6,100 residential and commercial customers and has a staff of fourteen (14) full-time employees overseeing its water system. Park Valley's and Fools Hollows' systems are in a geographical area in which Show Low desires to establish and expand its presence as a regional water provider.

Park Valley and Fools Hollow (1) have the same ownership; (2) are physically adjacent to one another and interconnected with one another; and (3) are operated as one water system pursuant to an October 15, 1986, Approval to Operate issued by the Arizona Department of Health Services. As such, the Companies reached an agreement with Show Low on the substantive provisions of an Asset Purchase and Sale Agreement ("Agreement" or "Purchase Agreement") in November of 2011. The Agreement was executed by the President of PVWC and FHWC on December 2, 2011, and by the Mayor of Show Low on December 6, 2011, following unanimous approval of the Agreement by the Show Low City Council on December 6, 2011.

The application indicates that Show Low has access to means for financing of the water system and for infrastructure additions and capital improvements which are not available to Park Valley and Fools Hollow, and Show Low would be in a better position to accommodate future growth in PVWC's and FHWC's certificated water service areas. Also, Park Valley and Fools Hollow are owned by a Trust with 12 beneficiaries who are now desirous of relieving themselves of the responsibilities of owning and operating a water utility.

Park Valley and Fools Hollow indicate the sale/transfer to Show Low and the cancellation of the CC&N would be consistent with the public interest. PVWC and FHWC feel that such a transaction would not have an adverse impact on the level and quality of service that the Company currently provides to its customers.

#### **THE ASSET PURCHASE AGREEMENT**

As indicated above, a Purchase Agreement between Park Valley, Fools Hollow, and Show Low was executed on December 6, 2011. The main provisions of the purchase agreement are as follows:

1. The City is to provide a continuous, adequate and reliable municipal water supply to all individuals and entities served by Park Valley and Fools Hollow.
2. The total price for the purchase and sale of Pineview's assets is \$1,536,000. The Agreement requires PVWC and FHWC to deposit \$10,000 as Earnest Money with the Escrow Agent and to pay the final portion of \$1,526,000 on or before closing.
3. The closing of the sale will be conditioned upon, among other things, Park Valley and Fools Hollow obtaining regulatory approval from the ACC. If required regulatory approvals have not been obtained by June 30, 2012, or the parties do not extend the date of closing, the Earnest Money will be returned to PVWC and FHWC, and provisions of the Agreement will terminate.
4. The closing of the sale will occur no later than 60 business days after obtaining all regulatory approvals, but in no event later than June 30, 2012.

5. Any Aid of Construction Agreements held by Park Valley and Fools Hollow, refunds of which are not due as of closing, will be transferred to Show Low together with the associated future refund responsibility.
6. Park Valley and Fools Hollow will be responsible for making all customer deposit refunds which become due prior to Closing. Show Low is responsible for making all customer deposit refunds which become due subsequent to Closing.
7. The City will obtain a loan from the Water Infrastructure Financing Authority of Arizona ("WIFA") and utilize the funds to finance the purchase of the assets and anticipated improvements.

### **THE PARK VALLEY AND FOOLS HOLLOW WATER SYSTEM**

As indicated above, the Park Valley and Fools Hollow water systems are interconnected and operate as one water system. Engineering details are contained in Exhibit 2 of this Report.

### **CITY OF SHOW LOW'S ORGANIZATION AND OPERATION**

Show Low currently owns and operates a municipal water utility system, which provides water service to approximately 5,500 residential and 600 commercial customers. The City has operated as a water provider since shortly after incorporation in 1953 and currently employs 14 full time employees to oversee Show Lows water system operations.

Both of the Companies' systems are wholly located within the City of Show Low and nearly all of the customers are serviced by the City's wastewater services. Consolidation of these systems into the City system will eliminate customer confusion that is caused by having multiple utility providers and provide economies of scale. Also, customers would only receive one bill for utility services with multiple payment options.

### **RATES AND CUSTOMER SERVICE**

If the transfer/sale is approved, it is indicated that Park Valley and Fools Hollow customers will be charged the City's current rates that were adopted by its Mayor and Council on May 17, 2011. To summarize the effect of the current Show Low rates on the Companies' customers, the application states that any current Park Valley or Fools Hollow customer utilizing 4,000 gallons or more per month will see a slight reduction in their monthly water rates. Given the fact that the average customer within each system utilizes 4,750 gallons of water per month, that customer will see his/her water bill remain virtually unchanged.

It is Staff's understanding that upon ACC approval, Show Low will commence its ownership and operation of Park Valley's and Fools Hollow's water systems in as seamless a manner as possible, with the objective of ensuring continuity and quality of water service to all of their respective customers. In that regard, Show Low intends to draw upon its positive

customer transition and experience acquired as a result of the acquisition of the Pineview Water Company approved by the ACC in Decision No. 72288 (May 4, 2011). Prior to the actual transfer, it is anticipated that Show Low will engage in an outreach program with all of the Companies' respective customers for the purpose of introducing itself to such customers.

Additionally, the City offers customers internet access to water bills, and internet payment (including auto payment) of water bills. The City's hours are also longer and thus more convenient for customers.

Finally, pursuant to the Purchase Agreement, Show Low will assume full responsibility for any obligations of Park Valley and Fools Hollow for water meter deposits or main extension agreement refunds which become due subsequent to closing of the water system(s) asset(s) transfer transaction.

A Procedural Order issued April 6, 2012, directed Park Valley and Fools Hollow to file certification of mailing and publication of the sale and transfer by May 21, 2012, per the Procedural Order issued April 6, 2012.

## **COMPLIANCE**

### ***Arizona Department of Environmental Quality ("ADEQ")***

#### ***Park Valley-Fools Hollow Water System***

In an ADEQ compliance status report dated January 20, 2012, ADEQ reported that the Park Valley-Fools Hollow Water System, Public Water System No. 09-011, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4. The Water System is also in compliance with ADEQ requirements.

#### ***City's Water System***

In an ADEQ compliance status report dated January 4, 2012, ADEQ reported that the City's Water System, Public Water System No. 09-026, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

### ***Arizona Department of Water Resources ("ADWR")***

#### ***Park Valley-Fools Hollow Water System***

The Companies and the City are not located in an ADWR Active Management Area. According to ADWR compliance status reports dated December 27, 2011, for the Companies

and February 2, 2012, for the City, both entities are in compliance with departmental requirements governing water providers and/or community water systems.

### **ARIZONA CORPORATION COMMISSION**

As of the date of this Staff Report, the Utilities Division Compliance Section has indicated that the Companies have no delinquent ACC compliance items.

### **CONCLUSIONS AND RECOMMENDATIONS**

The City of Show Low has extensive experience owning and operating a municipal water utility and has executed a Purchase Agreement with Park Valley and Fools Hollow for the acquisition. No adverse impacts to customers are anticipated, and in fact, the quality and quantity of water available to customers may increase as explained above.


The City intends to honor all Park Valley's and Fools Hollow's obligations under mainline extension agreements and to assume all existing customer accounts, including customer deposit obligations.


Staff recommends approval of the sale and transfer of the assets of Park Valley and Fools Hollow to Show Low and that the Commission cancel the CC&Ns of Park Valley Water Company and Fools Hollow Water Company with the following conditions:

1. That Park Valley and Fools Hollow file documentation of finalization of the sale of the Companies to the City with the Commission in this docket within 30 days of such finalization.
2. That the City honor all liabilities of Park Valley and Fools Hollow relating to customer deposits, service line and meter installations, and mainline extension agreements.

**MEMORANDUM**

TO: Vicki Wallace  
Executive Consultant III  
Utilities Division

FROM: Lori H. Miller   
Programs & Projects Specialist II  
Utilities Division

THRU: Del Smith   
Engineering Supervisor  
Utilities Division

DATE: March 26, 2012

RE: **PARK VALLEY WATER COMPANY – DOCKET NO. W-01653A-12-0043**  
**FOOLS HOLLOW WATER COMPANY – DOCKET NO. W-02042A-12-0062**

Park Valley and Fools Hollow have filed separate applications to cancel their CC#Ns. On March 6, 2012, a Procedural Order was issued to consolidate these applications. Service will be provided by the City of Show Low.

Attached is a copy of the map for your files.

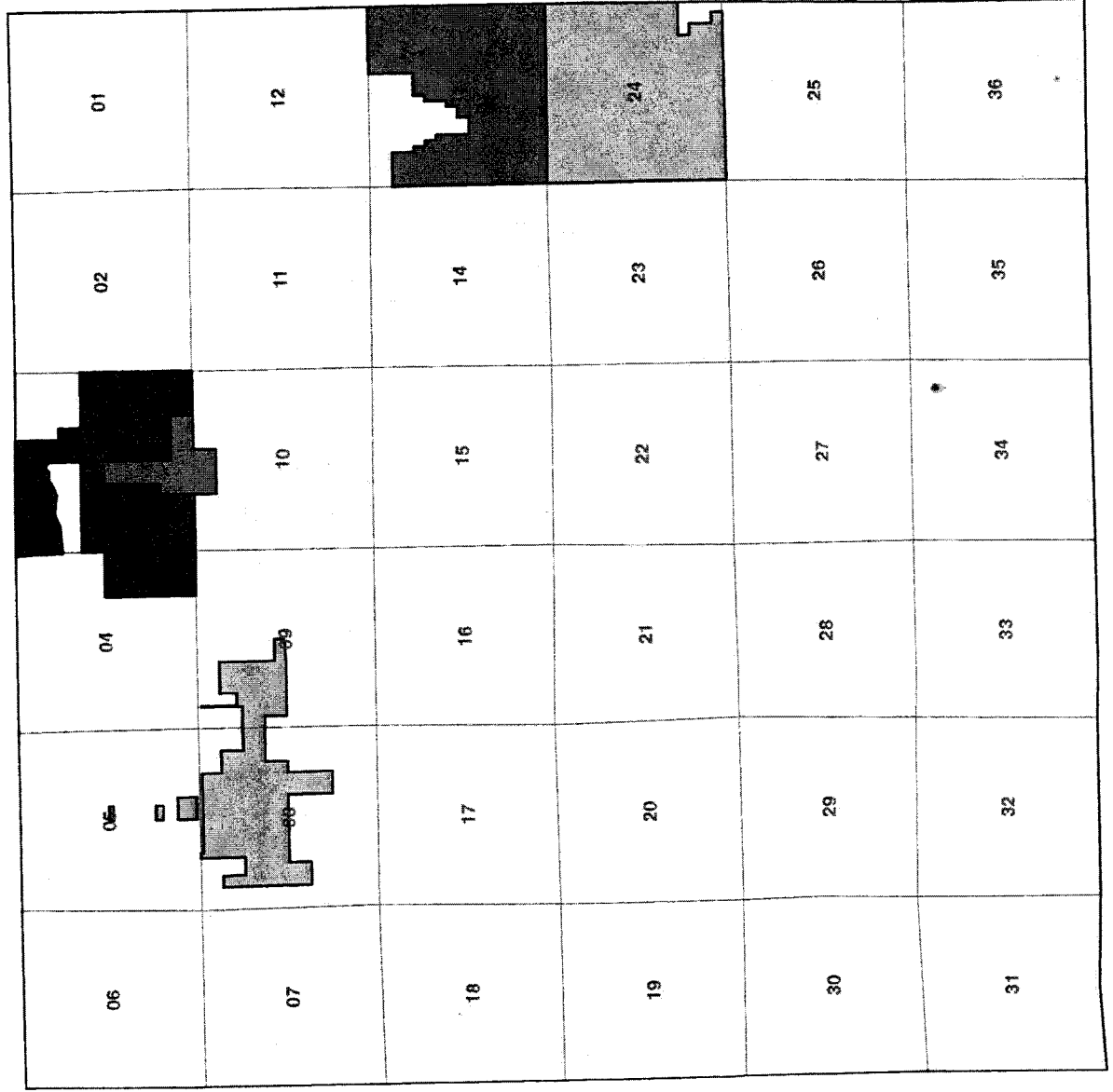
/lhm

Attachment

cc: Mr. Lawrence V. Robertson, Jr.  
Ms. Deb Person (Hand Carried)  
Mr. Katrin Stukov  
File

# NAVAJO COUNTY

## RANGE 21 East



- W-2042 (1)  
Fools Hollow Water Company
- W-3875 (4)  
Mountain Glen Water Service, Inc.
- W-3511 (3)  
Navajo Water Company, Inc.
- W-1653 (1)  
Park Valley Water Company
- W-2470 (1)  
White Mountain Water Company
- Park Valley Water Company  
Fools Hollow Water Company  
Docket No. W-01653A-12-0043  
Docket No. W-02042A-12-0062  
Application to Cancel CC&N to  
City of Show Low

## TOWNSHIP 10 North

## MEMORANDUM

TO: Vicki Wallace  
Executive Consultant  
Utilities Division

FROM: Katrin Stukov *KS*  
Utilities Engineer  
Utilities Division

DATE: March 27, 2012

RE: Park Valley Water Company and Fools Hollow Water Company  
Docket No. 12-0043 (Sale of Assets and Cancellation of CC&N)

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**Introduction**

Park Valley Water Company ("Park Valley" or "Company") and Fools Hollow Water Company ("Fools Hollow" or "Company") (collectively the "Companies") filed applications<sup>1</sup> for approval of the sale and transfer of Park Valley's and Fools Hollow's respective water system assets to the City of Show Low ("City" or "Show Low") and cancelling the associated Certificates of Convenience and Necessity ("CC&N"). Both Companies are located in Show Low, Navajo County. The combined CC&N areas of Park Valley and Fools Hollow cover approximately 1,134 acres (1.8 square-miles). The Companies CC&N areas are adjacent to one another and adjacent to and surrounded by the City's municipal water service area.

**Existing Water Systems***Operation*

The Park Valley and the Fools Hollow water systems are interconnected and operate as one - Park Valley-Fools Hollow water system<sup>2</sup>.

Based on the Park Valley's Plant Description<sup>3</sup>, the Company's water system consists of three wells (totaling to 490 gallons per minute ("GPM")), a 300,000 gallons storage tank (shared with Fools Hollow), a 5,000 gallons pressure tank, 3 booster pumps, 49 fire hydrants, approximately 78,500 feet of water main and over 670 customer meters.

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<sup>1</sup> Applications were consolidated via Procedural Order issued March 6, 2012.

<sup>2</sup> According to the Arizona Department of Environmental Quality records, the two systems merged on September 26, 1986.

<sup>3</sup> Per the Company's response dated March 22, 2012

Based on the Fools Hollow's Plant Description<sup>4</sup>, the Company's water system consists of one 150 GPM well, a 300,000 gallons storage tank (shared with Park Valley ), 13 fire hydrants, approximately 24,000 feet of water main and over 360 customer meters.

#### *Capacity*

Based on the water use data provided by Companies<sup>5</sup>, Staff concludes that the interconnected Park Valley-Fools Hollow water system's total well production capacity of 640 GPM and a storage tank capacity of 300,000 gallons are adequate to serve its existing customers.

According to Companies response dated March 22, 2012, it is the City's intent to interconnect its water system with the Companies' system which would allow for redundancy of the water supply in the event of emergencies. In addition, the City anticipates various system upgrades and improvements (such as, interconnections, SCADA and well improvements) to become an integrated system.

#### **Arizona Department of Environmental Quality ("ADEQ") Compliance**

##### *Park Valley-Fools Hollow Water System*

In an ADEQ compliance status report, dated January 20, 2012, ADEQ reported that the Park Valley-Fools Hollow water system, Public Water System No. 09-011, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and the water system is in compliance with ADEQ requirements.

##### *City's Water System*

In an ADEQ compliance status report, dated January 4, 2012, ADEQ reported the that City's water system, Public Water System No. 09-026, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and the water system is in compliance with ADEQ requirements.

#### **Arizona Department of Water Resources ("ADWR") Compliance**

##### *Park Valley-Fools Hollow System*

Companies are not located in any ADWR Active Management Area. According to an ADWR compliance status report, dated December 27, 2011, ADWR reported that the Park Valley-Fools Hollow water system is currently in compliance with departmental requirements governing water providers and/or community water systems.

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<sup>4</sup> Per the Company's response dated March 22, 2012

<sup>5</sup> Per Companies response dated March 22, 2012

*City's System*

The City is not located in any ADWR Active Management Area. According to an ADWR compliance status report, dated February 2, 2012, ADWR reported that the City's water system is currently in compliance with departmental requirements governing water providers and/or community water systems.

**Arizona Corporation Commission ("ACC") Compliance**

On February 16, 2012, the Utilities Division Compliance Section indicated that Companies have no delinquent ACC compliance items.

**Conclusions**

Staff concludes that the proposed sale of assets and CC&N cancellation will not have an adverse effect on the Company's customers and their water service.

Companies are in compliance with ADEQ, ACC and ADWR regulations.

The City is in compliance with ADEQ and ADWR regulations.